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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

#### Smith forces in fresh fighting

White and black Rhodesian security forces were last night reported to be fighting an incursion in the east of the country by a strong force of black nationalist guerrillas pledged to destroy the internal settlement.

While there were no official details of the raid, it was understood that guerrillas loyal to the Patriotic Front crossed into Rhodesia from Mozambique to ward the end of last week.

Rhodesian forces, supported by air strikes, are reported to have stopped the initial advance and to have scattered many of the raiders.

In Maputo, Mozambique, it was claimed that Patriotic Front guerrillas had opened a new front in the north of Rhodesia, in Ntchisi, Kenya. Mr. Andrew Young, U.S. special envoy, said there was a strong inclination among the front-line presidents and the Patriotic Front to work for a political settlement.

### Cuban talks

Meanwhile, Sr. Isidoro Peeli, Cuban Foreign Minister, is due to start a three-day visit to Tanzania today. Talks are expected to include the possibility of military assistance to Rhodesian guerrillas. Earlier Story, Page 5

### 'Irregularities' at Building Society

The Grays Building Society in Essex, with assets of £11m, did not return for business yesterday following the discovery last week of "serious irregularities" in the accounts after the death of Mr. H. P. Gargard, chairman and secretary, the Building Society Association said. Back page

### Amoco setback

Gales and heavy seas forced French naval divers to postpone dynamiting the wrecked super-tanker Amoco Cadiz to release its remaining 20,000 tons of oil as first traces were washed ashore in the Channel today. The EEC announced last night that the tanker was worth \$82,000 to Bretons hit by the disaster. Back page

### Carter's tour

President Carter arrived in Caracas, Venezuela, for a one-day visit at the start of a seven-day tour of Latin America and Africa which will also encompass Brazil, Nigeria and Liberia. Page 4

### Lambeth poll

The potentially explosive by-election in Lambeth Central, which has a 25 per cent. immigrant population, is to be held in April 20—four days before the expiry of the two-month police ban on political meetings in the London area.

### Retirement at 63

The Equal Opportunities Commission, which is making a commitment of principle from the Government to the introduction of a common pension age, suggests 63 as the age for men and women to retire in Equalities the Pension Age, published today.

### Overdoing it

A Ministry of Defence plan to spend £750,000 on equipment to amplify the parade ground bark of drill sergeants was labelled as "scandalous" by Mr. Neville Trotter, Tory MP for Tynemouth.

### Briefly...

Red Rums, the Grand National hero who bruised a hind foot on Good Friday, made a "big improvement" after walking in the race. Today's racing, Page 14

Mr. Merlyn Rees, Home Secretary, drew to the U.S. where he is to lead the Anglo-U.S. Parliamentary group meeting in Washington from April 3 to 4.

Lord Bessborough, vice-president of the European Parliament, is to campaign for the Olympic Committee to admit the EEC to the Olympics.

### BUSINESS

#### Setback to gilts; equities off 0.4

● **GILTS** lost ground as stock market sentiment was disturbed by the early weakness of sterling. The FT Government Securities Index fell 0.54 to 74.73.

● **EQUITIES** drifted lower, the FT 30-Share Index closing at 460.1, off 0.4.

● **STERLING** opened below last Thursday's closing rate, but recovered to close at \$1.8830, up 95 points. Its trade-weighted index was unchanged at 62.9. Dollar's trade-weighted depreciation widened to 5.79 per cent.

● **GOLD** rose \$4 to \$183.275.

● **Cocoa** prices rose in London to the highest level for more than four months, the May position gaining £108.5 to £2,092.5 a tonne. Page 27

● **WALL STREET** was up 0.86 at 734.07 near the close. Bond market slips. Page 23

● **TOKYO** share prices, which have been rising rapidly in recent weeks, have reached a new peak Page 25

#### Further rise in U.S. prices

● **U.S. CONSUMER** prices rose by 0.8 per cent. seasonally adjusted, last month. Although the increase is slightly less than in January, the U.S. Administration is likely to remain under pressure to take effective action against inflation. Back page

● **POST OFFICE** is to pay back a \$100m. loan from Chase Manhattan Bank more than three years early, in line with Government policy of bringing forward debt repayments to avoid the peak years of the early 1980s. Back page

● **EDITORIAL COMMENT** Page 16

● **POST OFFICE** signs £20m. contract with Great Universal Stores. Page 14

● **GOVERNMENT'S** White Paper on industrial democracy is subject of controversy since the Bullock Report was published 16 months ago—is expected to be presented to Parliament in the next 4-6 weeks. Back page

● **STAFF ASSOCIATION** of Legal and General Assurance Society will contest the findings of a union recognition survey by ACAS. Page 11

● **BREAD** price is expected to rise by at least 1p for a large loaf on Monday. Page 7

### COMPANIES

● **FIRST NATIONAL FINANCE** Corporation shareholders were told that the bulk of the £140m. provisions in the latest accounts should be regarded as irretrievably lost. Back page

● **PATERNOSTER ZOOCHONS** made pre-tax profit of £9.15m. (£8.32m.) in the half-year to November 30. Page 18

● **HEMERDON MINING'S** internal affairs are likely to be unravelled now that a Bermuda court has appointed a trustee of the shares. Page 8

● **BASF** of West Germany has reported a 21 per cent. drop in group pre-tax profit, as a result of currency devaluations and depressed international demand for chemicals. Page 24

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Straninger (H.) 120 + 5	Excheq. 12 1/2p '81 1108 1
Trent Chemicals 200 + 11	Treasury 15 1/2p '90 1202 1
Town and Jackson 49 + 10	Cons. Plants 126 + 4
City Florets 90 + 4	Anglo Amer. Corp. 297 + 8
Rescent Japan 144 + 6	Bougainville 101 + 6
Bundoran 50 + 5	Conzinc Rietveld 174 + 6
Unilever Plastics 54 + 4	De Beers Ltd. 350 + 7
Irish Shipping 180 + 30	Northern Shining 41 + 11
Unilever 120 + 5	Union Carbide 285 + 25
and P. Corp. 316 + 5	
Springside Mfg. 115 + 4	
Unic (H. and J.) 56 + 2	
Unic Engineers 124 + 2	
Unic and Pitt 134 + 6	
Unic Oats 325 + 30	
Unic Newspapers 328 + 12	
Unic Fashion 62 + 5	
Unic Sheep 142 + 14	

## UN in ceasefire bid to avert Lebanon flare-up

BY IHSAN HIJAZI, BEIRUT, MARCH 28

The United Nations sought desperately, but apparently in vain, to obtain a Palestinian commitment to a ceasefire in the south of Lebanon today after a major flare-up was threatened. Guerrillas and Israeli forces contested control of a strategically important bridge crossing the River Litani.



According to the Palestinian Liberation Organisation, the Palestine Liberation Organisation forces fought a pitched battle at dawn with Israeli troops who, backed by armour, sought to drive the guerrillas from the Khadadi Bridge, where Swedish troops of the U.N. Truce Supervision Force in Lebanon (UNTSF) tried to take up positions on Sunday.

To-night Mr. Yasser Arafat, chairman of the PLO, said that the resistance movement would co-operate fully with UNTSF to bring about Israeli withdrawal.

He did not commit the PLO to the ceasefire sought by Maj-Gen. Emmanuel Erskine, the Chamaian commander of UNTSF, at a hurriedly-arranged meeting.

Their talks have not resolved the deadlock that could jeopardise the efforts of UNTSF to restore order in the border zone.

The Israelis still insist that they will not pull out of the areas south of the Litani, occupied earlier this month, until the Palestinians are subdued.

The guerrillas say that they will not stop shooting until the Israelis have completely evacuated the region.

The difficult task facing the UN force taking up positions along and south of the Litani have been complicated by Syria's unwillingness to co-operate by curbing activity of the Palestinian guerrillas.

Damascus has rejected outright an Israeli proposal that Syrian forces move up to the north bank of the Litani and take responsibility for security in the area above it, including the town of Nabatiyah.

Denying foreign Press reports that Syrian troops were moving up to the Litani, Mr. Ahmed

Iskander, Syrian Minister of Information, said that they were "still right where they are."

Answering a question about Syria's attitude to a continued struggle hampering UNIFIL, he said: "Syria does not stop anybody struggling against Israel."

Though the guerrillas claimed to have beaten back the Israelis, witnesses said that the outcome of the fighting was still uncertain. Earlier the Palestinians improved their positions in artillery and machine-gun exchanges with the Israelis, they said.

Casualties were not heavy on either side. But it was the worst outbreak of fighting since Israel announced a unilateral ceasefire a week ago, as Mr. Menachem Begin was about to start talks in Washington with President Carter.

Tension heightened after an ultimatum issued yesterday by Mr. Ezer Weizman, Israeli Defence Minister. During a visit to northern Israel to inspect villages hit by guerrilla rockets, he said, Israeli forces would again "take matters into their own hands" if the guerrillas did not stop shooting and UNIFIL and Syrian troops stationed north

## Two disputes again cut supply of newspapers

BY ALAN PIKE, LABOUR CORRESPONDENT

SUPPLIES OF national newspapers are seriously disrupted again today as a dispute between engineering staff and engineering workers. Talks between Times Newspapers management and Amalgamated Workers failed to resolve a dispute involving engineering maintenance staff and the paper did not appear for the third successive day. The action also is preventing London production of The Guardian which is printed on the same plant.

In the separate distribution workers' dispute, wholesale employers decided last night not to attempt to distribute any newspapers in the London area—about 15 per cent. of total national newspaper production—if official action by members of the Society of Graphical and Allied Trades continued.

The Council of the Newspaper Publishers' Association met yesterday to discuss the state of industrial relations in the industry. It agreed to approach the TUC and seek means of making procedures for avoiding and resolving disputes work more effectively.

Somehow this industry has

slid into a situation where not only do agreements not hold but procedures for dealing with disputes do not hold. That cannot be to anyone's advantage," said Sir Richard Marsh, chairman of the Association, after the meeting.

Earlier, Mr. Reg Birch, engineering union executive member, and representatives of Times Newspapers' engineers had left the Association's offices with the dispute which prevented production of this week's Sunday Times and publication of The Times since then unresolved.

### Pay guidance

Engineering workers consider that they were locked out after refusing to give assurances of normal working on the Sunday Times, but the company maintains that they are in breach of contract and have dismissed themselves.

According to the company the men, who recently received 10 per cent. pay increases in line with Government guidelines, demanded an increase in guaranteed earnings from £126.67 to £150 a week before

they would give assurances of normal working or discuss productivity.

Further talks on the dispute have not been announced but Mr. M. J. Hussey, chief executive and managing director of Times Newspapers, said that he and Mr. Birch had agreed to reflect on the situation.

In the distribution dispute, officials of the Federation of London Wholesale Distributors were proposing to tell men when they reported for duty last night that unless they were prepared to work normally the distributors would not attempt to handle any national newspapers. Supplies in the London area were again seriously disrupted yesterday because of sanctions by the 1,000 distribution workers in a dispute over overtime aspects of a recent pay settlement.

Earlier yesterday officials of the federation went to the Employment Department for guidance on pay policy.

The Council of the Newspaper Publishers' Association agreed yesterday to seek talks with leaders of the graphical union to discuss possible temporary alternative distribution arrangements during the dispute.

## De Beers cuts sale by a third

BY PAUL CHESNIGHT

THE INTERNATIONAL diamond market was caught unawares yesterday when De Beers Central Selling Organisation, which dominates world trade in rough stones, cut by nearly a third the number of stones on offer at its London sale. At the same time, it imposed its previously announced 40 per cent. price surcharge.

The volume of stones was believed to be down by 30 per cent. on the February sale, which itself was smaller than January's.

The organisation holds ten London sales a year, when it channels rough stones on to the market for transmission to the cutting and manufacturing centres. About 300 clients are each offered a package of stones.

The first reaction to the reduced volume of stones on offer was that there are not enough total stocks available to flash stones out of Israel, where they are being used as a hedge against currency instability.

Within the industry, it is suggested that the organisation's efforts last year to maintain a buoyant market left the market short of stones. The normal response to an overheated market would be to make more diamonds available.

However, the De Beers preliminary income statement for last year gave the value of diamonds on hand at £220.7m. (£133.7m.), only £6.7m. less than at the end of 1976.

The four-day sale, which began yesterday, is the first since De Beers warned of a dangerous overheating of the market because of speculative trading in the cutting centres and the build-up of stocks, especially in Israel. Rough stones have been changing hands at premiums of more than 50 per cent. on the organisation's prices.

The industry had expected the Central Selling Organisation to increase the flow of stones on to the market to dampen speculation, while levying the surcharge to bridge the gap between the organisation's prices and those on the free market.

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## Giscard seeks political balance

BY DAVID CURRY

PARIS, March 28.

PRESIDENT Giscard d'Estaing of France today embarked on the most delicate part of the discussions he is having with political, business, and union leaders on the priorities he will set for the new Government which must be named before the National Assembly meets a week to-day.

The leaders of all the main political parties, including M. Francois Mitterrand and M. Georges Marchais the Socialist and Communist chiefs, will see him over the next few days.

The discussions culminate on Thursday evening with talks with Mr. Raymond Barre, the Prime Minister, who is expected to remain in office for at least six months.

The President hopes he can lessen the traditional divisions between Government and Opposition and that his own invitation to Opposition leaders will mark a symbolic end to the political stalemate which has plagued the country since 1974.

He is expected to follow this up by including members of the moderate Left in the new Government, although probably no leading Opposition politicians, and giving the Cabinet a reforming mandate coupled with the task of pursuing the economic recovery while relaxing some of the price restraints on industry.

Today M. Giscard d'Estaing was seeing the two men whose consent to a policy of political détente is essential to its success: M. Jacques Chirac, the Gaullist leader, and M. Francois Mitterrand.

He is expected to follow this up by including members of the moderate Left in the new Government, although probably no leading Opposition politicians, and giving the Cabinet a reforming mandate coupled with the task of pursuing the economic recovery while relaxing some of the price restraints on industry.

### Expected

M. Chirac met the President this morning, and made no comment afterwards. He is firmly opposed to any shift towards the Left, and has proposed instead his own reform programme.

The Gaullists, who remain the largest group in the Assembly, have made it clear that they will keep their distance from the new Government, and support its actions only on a strictly ad hoc day-to-day basis.

They will increasingly want to assert their individuality in preparation, presumably, for a bid for the presidency, by M. Chirac in 1981.

M. Mitterrand was seeing the President formally this evening for the first time, since the last presidential election contest, four years ago. Since then he has steered clear of the Elysee to demonstrate his own commitment to the now largely defunct Union of the Left.

## West German business fears grow

BY JONATHAN CARR

BONN, March 28.

THE WEST GERMAN business climate has deteriorated and industrialists are increasingly pessimistic about prospects for the next few months.

This is the main conclusion of the latest survey of business opinion by the IFO Economic Institute of Munich, released today.

Its publication follows the latest assessment of Chancellor Helmut Schmidt that the country's target of 3.5 per cent. real economic growth this year may not, after all, be achieved.

Mr. Schmidt cites as the reason, the serious currency unrest since the Government's aims for 1978 were set.

According to IFO, this is the problem which weighs most heavily on industrialists—accompanied by concern over the greater toughness on the part of the unions in this year's wage negotiations, as a strike

in the pace-setting metal-working sector goes into its third week.

The trade figures for February just released, do not give any clear sign that the dollar's fall and the sharp rise of the D-Mark are already squeezing West Germany's export business.

They show a surplus of DM2.5bn. (£840m.), against a surplus of DM1.9bn. (£496m.) in January, and DM2.7bn. (£682m.) in February 1977.

German trade surpluses in the past have been built up in spite of a continuously strengthening currency.

Though this was usually offset by a lower rate of inflation in West Germany than in its trading rivals, the IFO survey makes clear that the latest currency developments have German businessmen more than usually worried.

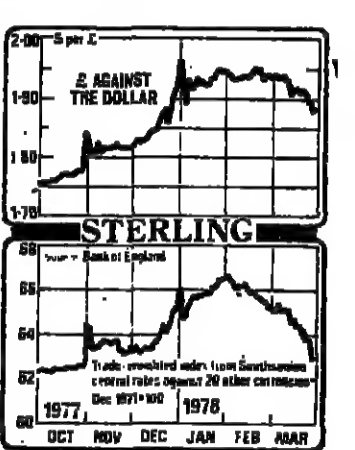
Details Page 2

## Renewed pressure on pound and \$

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR and sterling faced renewed selling pressure in foreign exchange markets yesterday, though both currencies recovered during the afternoon.

The dollar closed at a new low against the Japanese Yen while the trade-weighted index for sterling touched the level ruling before the pound was allowed to float freely last October.



The nervousness of the dollar was reflected in the gold price which stayed around \$183 an ounce, up \$4 throughout the day.

The dollar, which had been very weak in Tokyo on Monday, fell by a further ¥1.25 early yesterday to a low of ¥224 before recovering to ¥224.55. This compared with last Thursday's London close of ¥229.50.

The market detected some central bank intervention, though not on as large a scale as recently, and the dollar also improved after early weakness in Europe.

The dollar fell to Sw.Frs.1.8650 against the Swiss franc, but picked up to close at Sw.Frs.1.8790, compared with last Thursday's close of Sw.Frs.1.9040.

While the dollar did little more than steady during the afternoon, there was a more noticeable movement in favour of sterling after an initial decline in the trade-weighted index

from 62.9 to 62.4, following a drop of 0.8 on Thursday.

The index later recovered, possibly with some help from the authorities, to close unchanged.

But this still represents a decline of nearly 5½ per cent. from the level reached at the end of January, and the pound is back to the levels of the end of 1976 against the stronger Continental currencies.

Dealers were not reading too much into the early weakness when sterling touched \$1.8705 against the dollar before quickly recovering and closing at \$1.8830, for a rise of 56 points on the day.

Japan buys dollars, Page 5



## Is this all your staff can look forward to if they fall ill?

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## EUROPEAN NEWS

## Italy parties to hold key meetings on poll strategy

BY PAUL BETTS

ROME, March 28.

IN THE wake of both the kidnapping of Sig. Aldo Moro, the former Premier, and the defeat of the combined Left in the French elections, Italy's long-ruling Christian Democrat (DC) party and the Italian Socialist Party each face important political meetings tomorrow. The meetings are likely to dictate the future strategies of the two parties.

The Christian Democrat Secretary General, Sig. Benigno Zaccagnini, will address a meeting of Christian Democrat regional secretaries in Rome which will effectively formulate the Party's policy for the key regional elections scheduled in May. These elections, involving about 4m. voters, represent the country's first major electoral test since the inconclusive General Election of June 1976.

The Christian Democrats, who are in a state of profound shock following the kidnapping of their Party President, Sig. Aldo Moro, may feel inclined to focus their campaign on a hard-line law-and-order platform. At the same time, the Party will have the difficult task of justifying to its supporters the recent unique agreement with the Communist Party, which has agreed to support Sig. Giulio Andreotti's new minority Government in return for its open and explicit inclusion in the Parliamentary majority alongside the Christian Democrats.

The architect of this agreement was in a large measure Sig.

Moro, and while the Centre-Right victory in the French elections has clearly boosted the Italian party's morale, the Moro kidnapping has opened up a traumatic vacuum for the Christian Democrats at this delicate time. Ironically, the French results could well strengthen the

A high-level Italian Communist delegation has expressed strong support for Italian aid to tide Malta over immediate economic problems after British military bases in the island are closed in a year's time. Geoffrey Grima writes from Valletta, "I have no doubt an economic accord will be reached between the two countries within the limits of what Italy can afford," said Dr. Gian Carlo Pasetta, who is a vice-president of an Italian parliamentary foreign affairs committee, as well as being a prominent member of the Communist Party.

position of the relatively young Socialist Party leader, Sig. Bettino Craxi, who will simultaneously be opening his deeply divided Party's 41st Congress in Turin tomorrow. The Socialist leader is known to hold a strong anti-Communist position, and has strived to maintain the independent status of his Party in the face of the enormous electoral superiority of the Communists.

This will depend a great deal on the decisions of the Italian Communist Party with the first firm indications likely to come out at the Communist Congress scheduled for next year. Should the Italian Communists move towards an open gradual break towards an open and consolidate their Social Democratic inclinations, the new alternative formula might become a working proposition in Italy at last.

## UN urges European expansion

GENEVA, March 28.

UNITED NATIONS economists have urged West European governments to expand their economies simultaneously. By providing a decisive fiscal stimulus, mainly through tax cuts, to set their economies firmly on a road to recovery.

The U.N.'s Economic Commission for Europe (ECE) has forecast growth in aggregate West European gross domestic product at 3.4 per cent. in 1977 but well below the 1976 rate of 4.5 per cent. It forecast that growth would be considerably slower than required to reduce unemployment substantially from its current historically high level.

The economists said that the view of a narrow path of expansion, which can provide reduced unemployment while investment is reactivated and inflation contained, might prove to be illusory.

Instead, the UN economists recommended that strong currency countries of Western Europe take the lead in providing fiscal stimulus. They added that this didn't mean that these economies should necessarily act as "locomotives." Rather, it would work in the following manner. The lead of the strong countries would lessen fears that weak countries' current accounts would go into deficit allowing them to take up and pursue expansionary policies rapidly.

AP-DJ

## IMF team to re-open Lisbon talks

BY JIMMY BURNS

A TEAM from the International Monetary Fund (IMF) led by Mr. Hans Schmidt arrives here tomorrow to resume negotiations with the Portuguese authorities over a \$50m. standby loan on which depends the opening up of credit facilities worth nearly \$750m. from 14 Western industrialised countries.

The Portuguese Government has already acceded to many of the economic measures proposed by the IMF as an essential step towards solving the country's

balance of payments deficit of \$1.3bn. These measures include tighter control of public and private spending, a major squeeze on credit, and the raising of interest rates. Differences still persist, however, about the scope and scale of the stabilisation programme, which the Portuguese Government feels could have serious political consequences if pushed too far.

Although the Government has announced a wage rise ceiling

of 20 per cent., prices have already begun to rise. Transport costs are up by 50 per cent., and gas, water and electricity have increased by 42 per cent. 30 per cent., and 50 per cent. The Government, conscious that austerity is beginning to bite, hopes to dissuade the IMF from insisting on an excessively tight credit squeeze. This was the main sticking point during the negotiations between the minority Socialist Government and the IMF last November. The year.

LISBON, March 28. Bank of Portugal believes that an average of 15 per cent. increase in credit gauged on a month-per-month basis is acceptable. On the exchange rate side, the Portuguese authorities will argue against an immediate and sharp devaluation of the escudo, and from insisting on a further downward adjustment — the "crawling peg" — which would still achieve a devaluation of approximately 12 per cent. a year.

## Gloomy outlook for German capital goods

BY JONATHAN CARR

THE WEST German trade figures for February—showing a surplus of DM2.6bn. (£797m.)—do not give any clear indication that the rise of the dollar, and the sharp fall of the deutschemark, are already adversely affecting exports.

Nonetheless, the latest survey of business opinion carried out by the IFO economic institute of Munich makes clear that recent currency developments have made West German businessmen more than usually worried.

This is particularly clear in the reports from the capital goods industry, where export prospects were considered in February with markedly more pessimism than a month earlier. The flow of incoming orders slowed and orders in hand were generally considered too few, whose cause and implications are obscure.

reason to increase production in the near future. Much the same is true in the capital goods sector of the electrical industry. In the consumer durables industries, fewer companies than before judge their current business situation good. There has also been a marked trend to pessimism about prospects for the next six months, thanks chiefly to a fall in orders. Only the car makers report a continuation of their long-standing, excellent business.

Much the same, generally gloomy, picture emerges in the consumer goods sector, with the clothing and textile industries among those complaining about worsening business. A rise in retail trade sales shows itself, on closer examination, to be due almost exclusively to an above-average increase in the food and drink sector, a development whose cause and implications are obscure.

In contrast to the depression in manufacturing industry, reports from the construction sector are optimistic. At first sight this seems odd since use of capacity was down to an average of only 47 per cent. in February, but this was chiefly due to the particularly poor weather. Orders in hand were sufficient for 2.7 months' work against 2.1 months' at the same time last year. And for the first time in four years, construction over 3 per cent. is well below the rate of inflation, even despite the impact of an increase in value added tax.

A reduction to below 3 per cent. now seems virtually certain in coming months. It is a situation in which measures of economic stimulation can more easily be taken without the danger of a charge that they put the country's hard-won price stability in jeopardy.

BONN, March 28. question whether further measures of economic stimulation may not be needed before long. The official Government position is to wait until at least the first quarter data is available, and meanwhile not to breathe a word against any new economic boost for fear of excessive expectations. On the other hand, even despite the rise in the deutschemark, the impact of inflationary pressure also reduces the impact of this, the inflation rate of just over 3 per cent. is well below the rate of inflation in other countries. The rise in the deutschemark also reduces the impact of this, the inflation rate of just over 3 per cent. is well below the rate of inflation in other countries. The rise in the deutschemark also reduces the impact of this, the inflation rate of just over 3 per cent. is well below the rate of inflation in other countries.

## Ertl renews assault on U.K. attitude to EEC

BY OUR OWN CORRESPONDENT

BONN, March 28.

HERR JOSEF ERTL, the West German Farm Minister, has fired yet another salvo in his campaign of criticism of Britain over its attitude to the European Community.

In remarks made here, Herr Ertl made it clear he was not simply criticising Britain's policy on fisheries, but what he feels to be a more general and deep-seated attitude. Britain, he said, had apparently failed to familiarise itself with a system which required a balanced settlement of interests. Britain was not particularly reticent where her own interests were concerned, but she had to get used to giving as well as receiving in a Community of Nine.

Herr Ertl's comments are only the latest in a series which has intensified and become unusually personal in tone, since the failure to agree on a fisheries policy for the Nine. In a recent article, Herr Ertl described himself as "politically and personally deeply disappointed" by

aspects of Britain's EEC policy. In another, he bluntly noted that "The British Agriculture Minister Silkin refused the compromise accepted by the Eight" because the "magnanimous concessions" made were not enough for him.

It is hard to recall when a West German Minister last carried on public campaign against the EEC policy of an ally, general and deep-seated attitude. The British, notably through the ambassador here Sir Oliver Wright, have not been slow to respond.

The ambassador has been defending Britain's fishing and other policies in a series of speeches and has unearthed some surprising statistics about the benefits which West German farmers derive from the Community—among them that West German butter exports to Britain have risen by 14,000 per cent. in the last five years. "Perhaps that is one reason why we receive so little support for the reform of the Common Agricultural Policy (CAP)," the ambassador suggested.

## Sea law conference opens

BY OUR OWN CORRESPONDENT

GENEVA, March 28.

THE MARATHON UN conference on the Law of the Sea began its critical seventh session here today with the industrial and developing nations still deeply divided over how to share the sea's riches. The session may be the conference's last chance to reach a comprehensive convention and there appeared little optimism.

Many officials who have followed closely the 39 weeks of talk since the conference started in 1973 believe that another framework may have to be found in which to negotiate an international convention governing the use, exploitation and protection of the oceans. The issues are simply too complex and numerous for a conference of the present size, it is widely felt. There are 3,000 delegates in Geneva from more than 180 countries.

Before the seventh session, to last seven or eight weeks, is a draft text containing 373 articles and prepared by the UN secretariat. All but a small number are open to dispute. There are 46 articles concerning the prevention of marine pollution and liability for pollution of the kind caused by the Amoco Cadiz tanker.

But the thorniest issue involves who should authorise the deep-sea mining of such minerals as cobalt, copper, nickel and manganese, and how the profits should be shared.

Mr. Elliott Richardson, the head of the 60-member U.S. delegation, declared at the outset that Washington will begin issuing company licenses to U.S. mining companies regardless of the outcome of the conference.

Freedom of passage through over and under international straits for both commercial and military vessels and aircraft is demanded by the U.S. and other Western countries. This is another disputed issue.

## Soviet warning on SALT

BY OUR OWN CORRESPONDENT

MOSCOW, March 28.

THE SOVIET Union's leading expert on the United States said today that the time has now come to decide whether there will ever be a new Strategic Arms Limitation Agreement and warned that rejection of the pact would preclude a whole series of future disarmament measures.

Mr. Georgy Arbatov, head of the U.S.A. Institute, accused the Carter Administration of adopting a "policy of hesitation" and said that because of this "one opportunity after another to conclude an agreement has been lost."

Reflecting growing Soviet frustration over the lack of progress

in the strategic arms limitation talks (SALT) Mr. Arbatov called today for the Carter Administration to publicly campaign for the agreement.

Mr. Arbatov's remarks, which came in a signed editorial in the Communist Party newspaper Pravda, appeared aimed at visiting U.S. Congressmen.

Mr. Arbatov called on the U.S. to bear in mind that a second SALT agreement would lay the basis for a whole series of future disarmament measures, whereas unfettered weapons development over the next 15 to 20 years could easily shatter even the relative stability which exists to-day.

## U.K. 'may share Gibraltar bases'

BY JOSEPH GARCIA

GIBRALTAR, March 28.

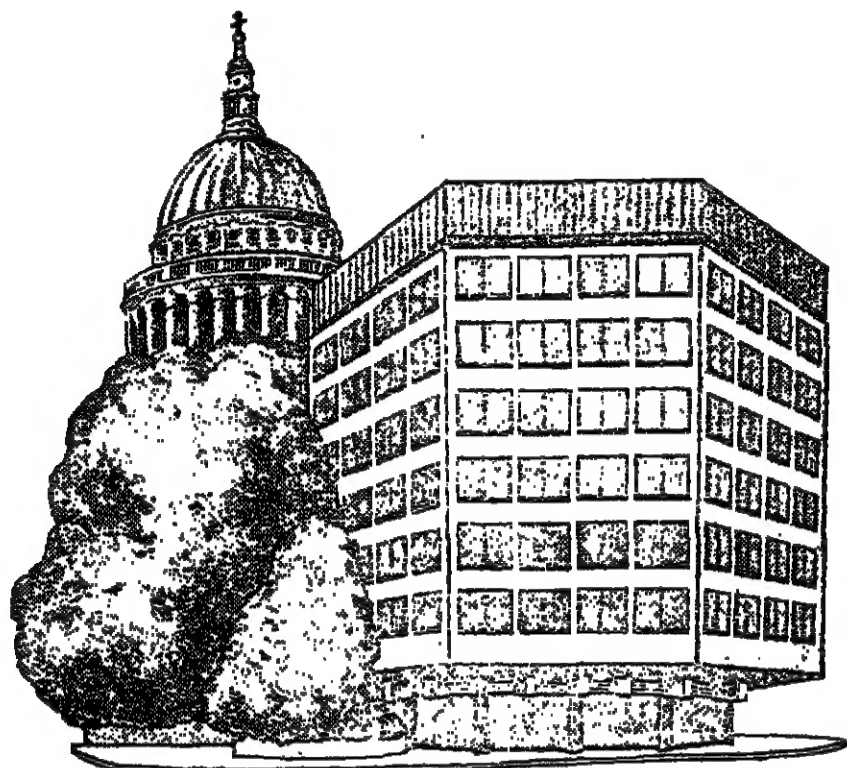
BRITAIN HAS not rejected the possibility that in the future some military facilities at Gibraltar might be used jointly with Spain, according to Dr. David Owen, the British Foreign Secretary, in an interview with the Gibraltar magazine Panorama.

Asked if Britain would be prepared to demolish the frontier fence, in which St. Adolfo Suarez, the Spanish Prime Minister, drew attention during his visit to London last year, Dr. Owen replied: "In certain circumstances we might be prepared to consider some change. We are anxious to see the removal of all barriers to free movement

between Spain and Gibraltar." The British Government would welcome Spanish membership of NATO which would be broadly helpful over Gibraltar, "but not as important as membership of the European Community," he said. As Spain moves closer to Europe, "it should be possible to resolve the various aspects of the Gibraltar question."

"I am willing to consider any reasonable solution acceptable to the people of Gibraltar."

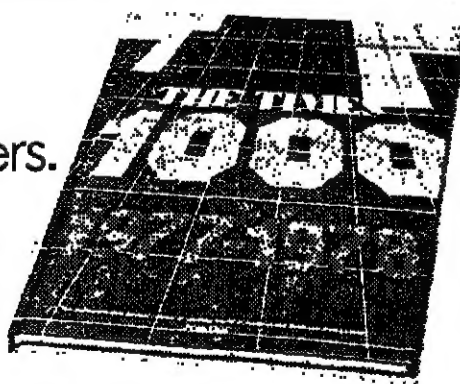
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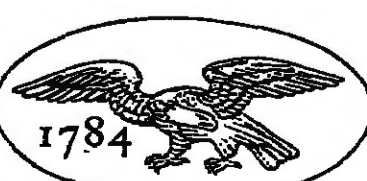
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Original 5-00



## THE RUSSIAN NAVY

**BY ROGER BOYES**

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**By David Satter**

**RESERVATIONS: 01-481 4033.**

[illegible]

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Missile armed cruisers	(6)		(17)		
Missile armed frigates/ destroyer leaders	(30)		(20)		
Amphibious ships	(62)		(100)		

FLEET DEPLOYMENT				
US	AIRCRAFT CARRIERS	SURFACE VESSELS	N.A.U. <sup>2</sup>	SUBMARINES
Second Fleet (Atlantic)	(5)	(62)		<div style="border: 1px solid black; padding: 5px; text-align: center;">           Submarine deployment highly variable         </div>
Third Fleet (Eastern Pacific)	(4)	(65)		
Sixth Fleet (Mediterranean)	(2)	(15)	(1)	
Seventh Fleet (Western Pacific)	(2)	(20)	(1)	
USSR (SSBNs excluded)		(50)		(10)
Northern Fleet				
Baltic Fleet		(50)		(35)
Black Sea Fleet (incl. Caspian Fleet and Mediterranean Squadron)		(60)		(20)
Pacific Fleet		(60)		(70)

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## AMERICAN NEWS

## Argentina strikes oil in South Atlantic

ARGENTINA, which produces most of its petroleum needs from on-shore wells, announced yesterday the first discovery of oil on its South Atlantic continental shelf. AP-DJ reports from Buenos Aires. The State oil monopoly, Yacimientos Petroliferos Fiscales (YPF) said that six different petroleum and gas deposits were found below the seabed in a 3,098 metre well in the Gulf of San Jorge, 180 kilometres south of here. The announcement said that more testing was needed to determine the size of the deposits and whether they were worth exploiting.

## Buenos Aires bombs

Urban guerrillas blew up the two main southern commuter rail lines into Buenos Aires yesterday stranding thousands of morning rush-hour travellers. Reuter reports from Buenos Aires. There were no casualties. The blasts came within 24 hours of an announcement by the ruling military junta that left-wing guerrillas had been decimated.

## Peru strike

More than 3,500 Southern Peru Copper Corporation miners and smelter workers went on strike yesterday, shutting down most operations at the Toguapal copper mine and the refinery at Ilo, 450 miles south-east of Lima, from where AP-DJ reports.

## Mexican corruption

The Mexican Under-Secretary for Education, Sr. Eugenio Alenczar Doucoure, has been committed for trial accused of fraud and theft. This brings to three the number of prominent figures in the previous administration, headed by President Luis Echeverria, now jailed on corruption charges, our Mexico City correspondent writes. Sr. Mendez has resigned from his job at the Education Ministry, and reported his protestations of innocence. The charges relate to the period when he was Under-Secretary for Transport and Telecommunication, under the Echeverria regime which ended in late 1976.

Although the current administration of President Jose Lopez Portillo went to the extent of extraditing Sr. Rios from the U.S. and says that it is committed to fighting corruption, few Mexicans appear to believe that these arrests signify a serious attempt to clean up the public administration. The most common interpretation is that it is all part of a power struggle within the ruling Institutional Revolutionary Party in advance of the party congress in the summer.

## U.S. COMPANY NEWS

American Motors consolidate car production; setback in bond market—page 23.

## Carter travels to show U.S. concern for Third World

BY OUR OWN CORRESPONDENT WASHINGTON, March 28.

PRESIDENT CARTER left Washington this morning on a four-nation tour of South America and Africa which, Administration officials said, was designed to demonstrate U.S. determination to strengthen ties with the Third World.

Although essentially symbolic, there is evidence that Mr. Carter will discuss some hard business with the heads of state of Nigeria and Venezuela, in particular. Both are principal oil-producing countries. Also, the U.S. would like Nigeria to assert leadership in Africa to a greater extent.

The visit to Brazil is generally considered to be a fence-mending mission. The Brazilian Government was profoundly upset by the President's human rights strictures and disapproved of his attempt to prevent the sale to Brazil of West German nuclear technology. The final stop, in Liberia, is to be short and essentially ceremonial.

Mr. Carter is taking along a full coterie of advisers including Mr. Cyrus Vance, the Secretary of State and Dr. Zbigniew Brzezinski, the National Security Adviser. Mr. Andrew Young, the

U.S. Ambassador to the UN, will meet the presidential party in Lagos to participate in discussions there on African policy.

Mr. Carter is expected to take up his human rights theme in South America. Sr. Carlos Andres Perez, the Venezuelan President, has been an exceptional supporter of this aspect of U.S. policy on South America. The Brazilian regime has been the reverse. But, far from accepting the wishes of that regime, Mr. Carter is planning a meeting, it is understood, with Brazilian religious and lay leaders who have been critical of the human rights record of the regime.

Sr. Perez has also supported the U.S. re-negotiation of the Panama Canal treaties. In return for this, he is expected to press Mr. Carter to a degree on the overall economic relations between North and South America, over and beyond the oil connection.

Sr. Perez, who has visited Washington twice in the last year, is known to feel that the relationship is still too much of a one-way street, and would prefer greater co-operation and partnership—at least as the disbursement of greater U.S. finance for development purposes.

## NY transport strike ban

BY JOHN WYLES

NEW YORK, March 28.

NEW YORK State has obtained a temporary injunction to bar a threatened strike from Saturday morning by bus and underground workers which would severely disrupt transport in the New York metropolitan area.

The transport workers' contract expires on Saturday night and the nature of any settlement will be crucial for negotiations now under way between New York City and its 250,000 municipal employees. Although the City is not the transport workers' direct employer, the Metropolitan Transit Authority's settlements have traditionally set the pattern for the municipal workers' contract.

The transport workers' union voted last week to strike from Saturday if there was no agreement on a new contract and yesterday a State Supreme Court judge issued a restraining order to prevent the stoppage. New York State's Attorney General Louis J. Lefkowitz argued that a strike would cause "irreparable harm" to the city and cited

the effects of the last such strike in 1966 when a 12-day stoppage brought "economic disaster" to the city and its business community, said Mr. Lefkowitz.

The Supreme Court judge instructed the union to give evidence on Thursday morning on why it should not be prohibited from striking. This is in accordance with New York State's Taylor Law which can prevent strikes by public employees.

The transit authority's basic aim is to achieve a settlement which would enable it to maintain the present 50 cents fare for bus and underground rides. It must therefore control its operating deficit which is covered by federal operating subsidies and assistance from New York City and State.

Since labour accounts for 82 per cent of its operating costs, any substantial pay settlement would put pressure on the fare structure. As a result, the Transit Authority, like New York City, is seeking productivity and cost-saving measures to finance pay rises.

## CARTER'S URBAN POLICY PROPOSALS

## Guarded welcome for the initiative

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON, MARCH 28.

IN MANY ways, the reactions to President Jimmy Carter's urban policy proposals, unveiled yesterday, are as interesting as the programme itself.

Everybody knows that the inner cities of the U.S. are in a substantial state of decay. For years, municipal authorities, trapped by their economic enfeeblement, have been alternately beseeching and demanding large infusions of federal money to help them rebuild. Thus, it would have been logical for the urban roof to fall in on any President, Republican or Democrat, who had the temerity to come up with a scheme which, after much careful preparation, allocated appreciably less than \$10bn. in new cash for the cities in its first year of operation.

Yet this has not happened. Representatives of the nation's cities, who have routinely been asking for a minimum of \$30bn. in urban aid, have actually given a guarded welcome to the President's initiative. There have been the inevitable complaints of insufficiency from such advocates as Vernon Jordan, head of the Urban League, and from Mayor Koch, the recently-elected Mayor of New York City.

There has been an ominous silence—partly caused by the Easter recess—from any number of key Congressmen whose teeth

will be working overtime on the President's plan. But there has hardly been a whisper of a suggestion that Mr. Carter has gone back on political commitments or betrayed the cities. Rather there seems to be an understanding that federal resources are limited, that inflationary pres-

ures on the economy are circumscribing and that at least the President has made a step, or many small steps, in an interesting and possibly right direction.

The programme is a typical Carter concoction, a myriad of micro-proposals, some controversial, many unexceptional, designed more to make the existing system better and more efficient than to erect a whole new urban policy infrastructure.

It is not "the moral equivalent of war" transferred from energy to the ailing cities, but a partnership melange drawing together federal and local governments, the corporate sector, neighbourhood and community groups. Its underlying principle is that resources should be targeted to those in most need rather than spread indiscriminately around the country.

Its actual work is a minimum of \$12bn. spread over several years. It is calculated that it will raise the size of the budget deficit in the next fiscal year, beginning in October, by \$2.4bn. from its present projected \$80.6bn., although only \$740m. in actual new spending is envisaged.

of additional federal funding

and would be run by a tripartite directorate from the Departments of Treasury, Commerce, and Housing and Urban Development.

● More than 160 changes in current federal programmes. The Government is to be directed to buy more goods and services from the inner cities and to concentrate more of its sewerage and water resource development in urban, rather than rural, areas.

● The 10 per cent investment tax credit available to business will be increased to 15 per cent for new inner city development. Companies may also receive an additional tax credit for hiring the chronically unemployed inner city youth (the total tax breaks for corporations could amount to \$1.7bn.).

● The creation of a "national development bank," which would administer as much as \$11bn. in loan guarantees to businesses investing in the cities and a modest though its total dollar

outlay is, will nonetheless add to inflationary pressures in the economy. This is a subject of consuming debate in the Administration at present.

Mr. Carter's critics are charging that, little-by-little and step-by-step, he is presiding over expansion of the budget deficit and that the \$2.4bn. which the new urban policy will add to next year's budgetary shortfall has to be taken in conjunction with the extra budgetary costs of the Emergency Farm Aid Bill, the inflationary impact of the miners' wage settlement and of the new sharply higher social security taxes (which Congress may well in part rescind).

Some form of new anti-inflation policy is currently being worked on and may well be presented when the President returns from his overseas travels.

It is also as near certain as can be that Congress will try to work some substantial changes on the urban programme, even though it is sufficiently artfully designed so as to keep as much as possible in the executive, rather than legislative, preserve.

Congressional leaders are bound to protest that the President is once again overloading their already heavy schedules and that, with mid-term elections coming up, early action cannot be guaranteed.

## Chile searches for increased foreign investment

BY ROBERT LINDLEY, RECENTLY IN SANTIAGO

SCHOOL kids. These are 30 or so graduates here from the University of Chicago School of Economics in Chile, and more than two-thirds of them are in Government. The head of the

Central Planning Ministry. The Chicago School kids "have charted Chile's economic course since the very day of the Pinochet coup d'état on September 11, 1973, and they have had con-

been at fault. A year ago, the regime amended the basic legislation governing foreign investments—a 1974 decree—allowing repatriation of capital after three years, and the remitting of

born out of the lack of understanding of our reality" at a ceremony in Santiago at which Gen. Rogers received a Chilean decoration.

Earlier, during a two-day visit to Argentina, Gen. Rogers conferred with Brig. Agosti, the Argentine air force commander and a member of the Argentine military junta.

Argentine official sources say that South African interest in South America is centering on

Argentina and hint at increasing air links. Gen. Rogers was also received by military officials in Uruguay.

Apart from the publicised activities of the South African general, there is speculation that he discussed Cuban military activities in Southern Africa, and reports that South American countries are preparing to receive white settlers displaced from Southern Africa by black nationalism.

Gen. Gustavo Leigh, head of the Chilean air force and a member of the ruling junta, underlined the two countries' "common ideals and the challenge of common problems

country's economic team, Sr. Sergio de Castro, Treasury Minister, although now 48-years-old, is seen as a "Chicago School kid," as is Sr. Pablo Barona, Economy Minister. Sr. Alvaro Bardón, Central Bank President and Sr. Miguel Kast, Assistant Director of the National Planning Department, the effective

considerable success in reducing inflation—from 147 per cent in 1973 to 63.5 per cent last year to the foreign exchange market.

—increasing growth and balance the internal accounts. The me succinctly by Sr. Kast: "We are a country of great human and natural resources but very little capital. So foreign investment is the obvious missing ingredient."

hardly be considered to have Foreign investment, clearly the

key to sustained economic growth in Chile, lagged throughout 1977, the March amendment of the foreign investment decree notwithstanding. But at the end of the year came Exxon's decision to buy the La Disputada Copper Mining complex for \$107m., with the likelihood that Exxon will invest a further \$800m. or \$900m. to expand La Disputada. Exxon's investment, in hard minerals, war, the kind that will be rewarded with quick profits—within three or four years, as in the case of a tyre factory.

Exxon's investment in Chile indicates that the company, the biggest in the world rated by assets, believes that political stability in Chile will continue for a long time. General Pinochet has promised to phase his regime into a civilian Government. The Government would have a fourth power added to the executive, legislative and judicial branches—a so-called "security power"—giving the armed forces the last word in any future civilian Government. Therefore, the Communist Party would remain outlawed, something which generally pleases those who invest in Latin America.

profits immediately, and guaranteeing non-discriminatory access to the foreign exchange market. The logic behind this was put to the internal accounts. The moment may have arrived for and take off in foreign investments.

If not, President Augusto Pinochet's economic team can hardly be considered to have

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## OVERSEAS NEWS

S.A. ECONOMY WAITS FOR WESTERN UPTURN

### Industry looks for more stimulation from budget

BY QUENTIN PEEL IN JOHANNESBURG

AN EDITORIAL in a leading South African newspaper seemed this month to plumb the depths of economic despair. "Are we missing the recovery boat?" it demanded. For three years, South Africa had deflated and depressed its economy, waiting for an upturn of the western economies to stimulate a return to export-led growth. Now the western recovery seemed to be running out of steam, and South Africa had yet to feel any benefit, the writer argued. It is a fear which has been voiced in recent weeks not only by respected economists, but also in their own ways by investors on the Johannesburg Stock Exchange. And by consumers.

At the end of last year, most commentators thought they saw the recession—South Africa's longest and most severe since the 1930s—bottoming out. The theme was given great play by Government spokesmen. But business was more sceptical. Since then the stock market has fallen back, the latest consumer opinion survey shows no sign of a renewed propensity to spend, and the major monthly economic commentaries conclude that the recovery has failed to consolidate.

The pessimism may have a political content, just as the optimism did last year: then the country was in the run-up to a general election, now it is awaiting the budget. But while those on both sides of industry are looking for a real measure of stimulation from Senator Owen Horwood, the Minister of Finance, when he delivers his address of the financial state of the nation to-day, some of the pessimism undoubtedly stems from the fear that there is little he can do to cure it.

Mr. Horwood would, however, be justified in feeling irritated with all the forebodings. He is unlikely to miss the opportunity for some (deserved) self-congratulation. Since his last budget there has actually been a phenomenal turnaround of some R2.5bn. (11.5bn.) in the country's balance of trade—from a deficit of R1.7bn. in 1976 to a surplus of around R800m. He has also succeeded in containing Government spending within even his own strict limits: by the end of February, spending was provisionally estimated at R7.5bn., compared with the 12-month budget target of R8.7bn., suggesting a likely saving during the year of between R300m. and R400m. This would mean that Government expenditure is only some 3 per cent. more than last year, in real terms an actual reduction. While revenue is also likely to fall seriously short of forecasts, because of the low level of economic activity, Mr. Horwood has been very successful with domestic loans—by the end of January having raised R400m., more than his target of R3.2bn.

The problem is that the remarkable performance of South African exports has failed to

stimulate any real growth—estimated at 1.3 per cent. in 1977—while the control over Government spending has equally failed to bring the rate of inflation below the 11 per cent. where it has stuck for the past year. The reasons are not hard to find. In the first place the healthy current account surplus has been more than offset by a net outflow of funds on the capital account of the balance of payments. Although there was a marginal net inflow of long-term capital over the whole of 1977, it was far outweighed by the drain of short-term funds. Heavy repayments of public debt have been one important element in the outflow, reducing the country's net indebtedness, but the largest outflow has been from the private sector, recorded under "Errors and Unrecorded Transactions," an indication of the political flight of capital. The Reserves of gold and foreign exchange actually fell by some R98m. during the calendar year.

Police reinforcements were to-day flown to Windhoek, the capital of Namibia. (South West Africa) as fears rose of inter-tribal violence in the wake of the assassination of Chief Clemens Kapuue, leader of the Herero tribe who are the most prominent black opponents of the South West Africa People's Organisation (SWAPO). Quentin Peel writes from Johannesburg.

The move came amid reports from Cape Town that the South African Government may announce an election date for the territory this week, effectively abandoning any hope of achieving the internationally-acceptable solution proposed by the five Western members of the UN Security Council.

Western diplomats, however, are also hoping to present

Political uncertainty, both within South Africa and internationally, has been very significant. It has undoubtedly affected business and consumer confidence within the country, restricting both total effective demand and total production activity. Indeed Mr. Merton Dagut, chief economist for the Nedbank, believes it had a crucial effect just at the moment of upturn in the economy last September. Awareness of growing international pressure for economic sanctions against South Africa has, at least in the short term, also caused domestic investors to hold back.

Political uncertainty has been made worse by the inexorable increase of unemployment, as an estimated 200,000 black work seekers join the job market each year, while the economy stands still. Even unemployment among whites, coloureds and Asians, traditionally infinitesimal, has increased by 200 per cent. in two years—from 11,000

their final proposals for a compromise settlement in Namibia later this week—possibly on Thursday—and believe that any South African decision will be put off until they have done so. The subject of Namibia and the assassination of Chief Kapuue are expected to be the main item on the agenda of to-morrow's South African Cabinet meeting, besides the Budget.

Meanwhile, SWAPO spokesmen have denied responsibility for the assassination, blaming it on continuing unrest in the black township of Katutura, where they said 26 workers had died in clashes between Hereros and Orambes in recent weeks. Brigadier Victor Verster, the police chief in the territory, said it was "logical to assume" the assassins had been "SWAPO terrorists."

The second factor negating the expansion in mining and agriculture—the two principal export performers—has been inflation itself, reducing the real purchasing power of incomes and profits. The increase of costs in the gold mines very largely absorbed the price rise over the year, although the continuing rise is now likely to yield some noticeable benefits.

A major factor behind the continuing level of inflation has been the steady increase of State administered prices, especially for electricity, steel and transport, with a multiplier effect throughout the economy. Wages and real earnings have in fact fallen behind the rate of price increases, further reducing spending on consumption. But public corporations have had to raise their prices faster than costs, partly because they are unable to raise international finance, and therefore need to finance capital spending from revenue. The most recent railway budget has been a prime example.

In December, 1975, to 36,000 in December, 1977. Black unemployment, impossible to gauge exactly, is estimated at between 15m. and 2m. Against this gloomy background there are some optimistic signs. Most important has been the increase of the gold price to more than \$180 an ounce. If it stays at that level, South Africa's gold sales would total at least R3.5bn. for the present year—an increase of R700m. over 1977 and equal to 3 per cent. of GNP. Although prospects for base minerals are not so bright, the market for platinum diamonds and uranium looks good. There are signs that the net outflow of short-term capital is slowing down, partly due to a slower rate of repayment of Government debt, and drastic action against foreign exchange law-breakers. The traumatic experience of a net loss of white migrants last year may also be over, although it is likely to be many months before the sort of immigration flows resume to which South



Mr. O. P. F. Horwood, South African Minister of Finance, who presents the budget today.

Africa has been accustomed. Finally, the decline of the dollar has also fitted in well with official policy, bringing about an effective depreciation of the rand (some 7.6 per cent. in the past six months) without the unacceptable political trauma of devaluation.

Mr. Horwood has already provided some selective stimulation in response to the calls for relief. He announced last November a R250m. housing programme for blacks, coloureds and Asians, spread over 30 months, and easing of hire purchase terms for motor vehicles. Now there are growing calls for him to run a deficit budget, and possibly cut direct taxes, to provide further expansion.

It is argued that without foreign capital, the South African economy is incapable of expanding fast enough to absorb its population growth. Whatever the political considerations, foreign money will not be attracted unless South Africa can show that it still has an expanding economy: growth must come first, even if it is modest. But against that reasoning there is a substantial school of thought in the country arguing for greater self-reliance because of the threat of international sanctions, and calling for growth to be sacrificed to self-sufficiency.

Mr. Horwood and his advisers are essentially conservative people, proud of the conservative record. He is not likely to run a big deficit budget, although he might provide for some modest shortfall. His plan to introduce a new point of sale tax should allow him to reduce existing sales taxes and, if he wants to, lift the current import surcharge, as well as possibly giving some relief on direct taxes: as such it would be regressive. At the same time, while there is little prospect of slowing the rate of growth of defence spending, the advent of a new Minister responsible for black affairs could mean that the regressive effects will be to some extent balanced by increased State spending in black areas, on housing, education, transport, and possibly even the long-awaited scheme for the electrification of the township of Soweto. But Mr. Horwood's room for manoeuvre, within the constraints of the balance of payments, remains small.

# Business lacking sting?

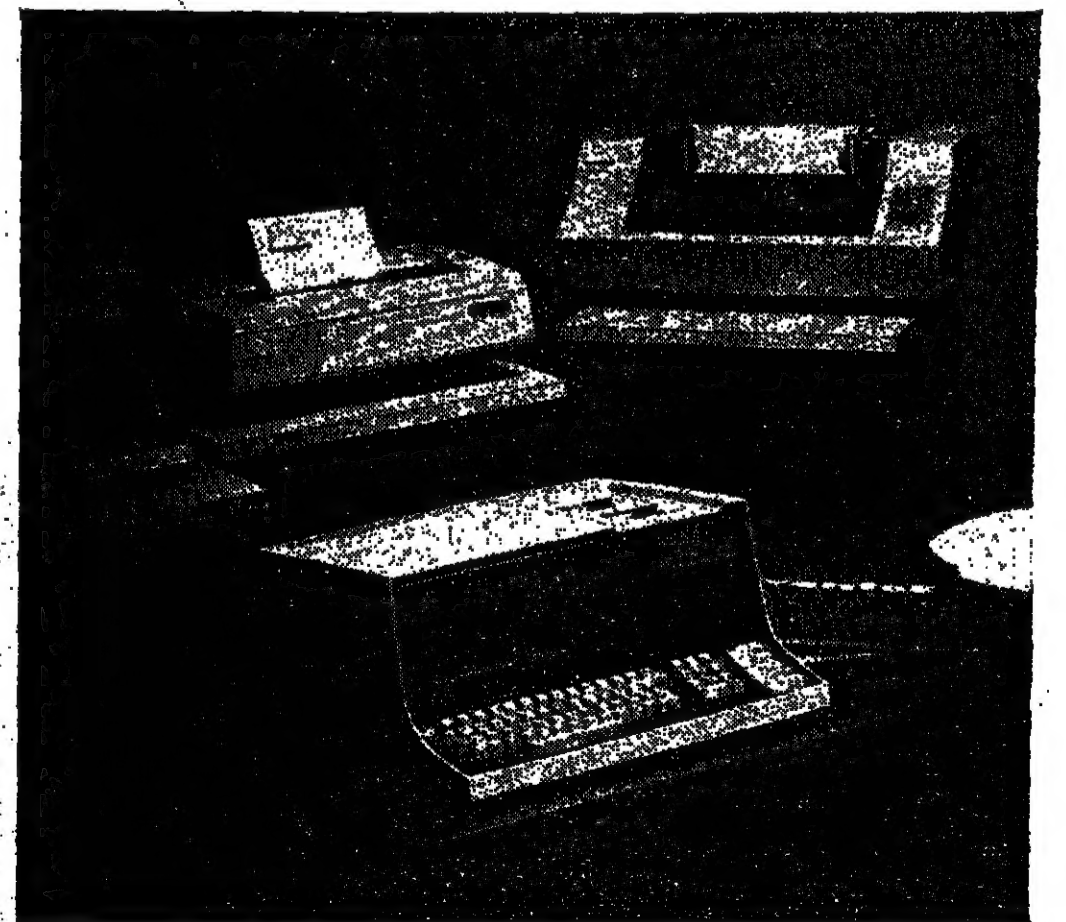


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### Young calls Rhodesia internal settlement a suicide plan

MR. ANDREW YOUNG, the U.S. Ambassador to the UN said in an interview published to-day that the Rhodesian internal settlement agreement was a suicide plan for western interests which could lead to civil war and bring down the British Government.

In the interview in the U.S. with the black Rhodesian newspaper the Zimbabwe Times, Mr. Young also pointed to a difference of approach on the issue between Britain and the U.S.

"I frankly think that the British people want to wash their hands of the Rhodesia issue and almost don't care what happens," he said. "They would like a quick solution that would turn it over to Smith (Prime Minister, Ian Smith) and they would look the other way."

"We have said that we cannot do that and that to have Rhodesia go through for two years even what Angola has gone through, would destroy one of the most beautiful countries."

"The thing that would be the

most disastrous to American foreign policy would be a civil war in Rhodesia. It would bring down the Government in Britain," he said.

Mr. Young said the majority rule agreement signed by Mr. Smith and three black nationalist leaders—is a suicide plan for western interests because it opens the door for continued conflict that inevitably would not only be in Rhodesia but would spill over into Zambia and Botswana.

"Potentially, it would give communists the control of the whole middle belt of Africa and we would be able to go along with that."

Reuters. Jurek Marita adds from Washington: The State Department has from time to time dissociated itself from the forceful language Mr. Young is prone to use and his occasional free interpretation of diplomatic niceties. But reports of substantial policy differences between the UN Ambassador and other members of the Carter

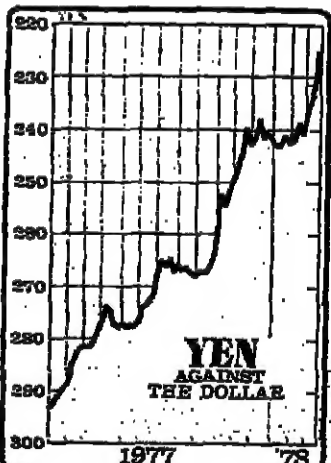
Administration have been misplaced.

There remains concern in the Administration that political pressures at work in Britain might weaken the resolve of the British Government to stick to the Anglo-American plan in the light of the internal settlement.

In the course of the last month, Mr. Callaghan, the Prime Minister, and Dr. Owen, the Foreign Secretary, have assured the U.S. of the British Government's commitment to the joint approach.

Mr. Young, with the backing of the Administration and influential Congressmen such as Senator Dick Clark, has resolutely refused to entertain wider solution to the Rhodesian problem that would embrace the external nationalist groups.

The U.S. remains sceptical that the internal settlement can last and has made no bones of its fear that abandonment of the Patriotic Front would leave the guerrillas few options but to turn to Russia and Cuba for assistance.



### Japan buys \$800m. to help dollar

TOKYO, March 28. THE BANK OF JAPAN bought an estimated \$800m. to-day to support the U.S. currency which slumped to new depths against the yen on the Tokyo foreign exchange market.

Dealers said it was the largest daily intervention since the central bank bought about \$1.25bn. on August 27, 1971, when the United States took the dollar off the gold standard and imposed a 10 per cent. surcharge on American imports.

The dollar closed at ¥235.02 after opening at a record post-war low rate of ¥225, compared with ¥235.30 at yesterday's close. The previous low point of ¥225.25 was established yesterday. The central bank is estimated to have bought more than \$4bn. this month to support the U.S. currency. This will almost certainly have boosted Japan's external reserves to another monthly record from \$24.19bn. in February.

### Leyland move in S. Africa

By Bernard Simon JOHANNESBURG, March 28.

LEYLAND South Africa has confirmed that it is holding rationalisation talks with Sigma Motor Corporation, the Anglo-American subsidiary which assembles Mazda and Chrysler motor vehicles.

The discussions centre on the need for Leyland to raise the local content of some of its new Rover models, whose V8 engines have a relatively high proportion of imported components.

### Arab League talks resume

CAIRO, March 28.

AN ARAB League meeting, already boycotted by five member states, resumed here to-day to try to heal the breach in the Arab world and find a common policy towards Israel.

The regular bi-annual session of the Arab League Council opened here yesterday with an attack by Egypt on Arab critics of President Anwar Sadat's peace initiative with Israel. Syria, Iraq, Libya, Algeria and North Yemen boycotted the meeting. All except Iraq are members of the "steadfastness and resistance front" opposed to the Sadat peace overtures. But the Palestine Liberation Organisation, another member, sent a three-man delegation.

In a speech to the opening session, Mr. Mohammed Ibrahim Kamel, Egyptian Foreign Minister, accused members of the "steadfastness front" of "hurting accusations as their only way of struggle."

### Production gets underway at Israeli oil project

BY L. DANIEL

TEL AVIV, March 28.

PRODUCTION STARTED this week from three offshore wells at El-Tur off the eastern coast of the Gulf of Suez which is under Israeli control.

The licence for the area was granted by the Israeli Government to a "North American" concern, Neptune, though the actual operation will be largely carried out by Israeli personnel.

According to the agreement with Neptune, the Israeli Government will get 75 per cent. of the profits.

The oil now being extracted from the Alma field at an initial rate of 10,000 barrels a day is pumped to a 55,000-ton tanker being used for off-shore storage. From there, it is transferred to tankers which will take it to Ellat, the southern outlet of the Israeli Eilat-Ashted oil pipeline. El Tur.

When fully developed, the field is expected to cover about one-third of Israel's annual oil requirements of 7.5m. to 8m. tonnes a year according to Mr. Yizhak Modai, the Minister of Energy. Israel's current outlay on oil imports is \$700m. a year.

Mr. Modai expressed the hope that there will be commercial co-operation between Israel and Egypt within the framework of a peace agreement.

Neptune is already considering additional operations in other parts of the Gulf of Suez since it holds a licence extending from Ellat, the southern outlet of the Israeli Eilat-Ashted oil pipeline, to north of

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## WORLD TRADE NEWS

## New Chinese visit as Tokyo prepares for friendship talks

BY DOUGLAS RAMSEY

TOKYO, March 28.

CHINA AND JAPAN have stepped up their exchange of industrial missions in advance of what is expected to be a full-scale resumption of negotiations (after a three-year hiatus) on a peace and friendship treaty when Japanese Foreign Minister Sunao Sonoda visits Peking about April 10.

Several Japanese missions from the steel and oil industries have visited China in recent weeks and on Tuesday a Chinese mission of 19 high officials arrived in Tokyo for trade discussions.

The mission, led by Mr. Lin Hua-Gia of the Shanghai Municipal Revolutionary Committee, includes several Chinese vice-ministers who will meet Government leaders. It is the first big Chinese mission to Japan since the conclusion of an eight-year, \$200m. long-term trade agreement in February aimed at increasing Japanese deliveries of plant and equipment to China in return for more Chinese oil, steam coal and coking coal.

The Chinese officials will tour several Japanese industries and meet Mr. Toshio Komito, Minister for International Trade and Industry, and Mr. Kitehi Miyazawa, Director-General of the Economic Planning Agency.

## Warning on aromatics

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IF THE EUROPEAN aromatics industry is not to become insolvent it must make a major effort to reduce costs. Production in Western Europe of aromatics such as benzene, toluene and xylene is running at only about 60 per cent of capacity.

But according to Dr. Norman Hochgraf, a vice president of Essochem Europe even dramatic production increases to 90 per cent of capacity would fail to give satisfactory rates of return without fundamental changes in costs and prices.

Esso has already shut down indefinitely a 145,000 tonnes a year benzene plant at Fawley, near Southampton. At its Rotterdam plant it is investing some \$15m. to improve the process efficiency of the benzene unit, and when this is completed it will cut another 50,000 to 100,000 tonnes a year from European capacity.

Esso is also installing a \$18m. computer to improve the plant energy use, which could give overall energy savings of 5-10 per cent.

The cost-cutting exercise is being implemented determinately in all its West European subsidiaries.

Aromatics are the chemicals used as feedstock for a wide range of products including synthetic fibres, dye-stuffs, pharmaceuticals and solvents.

Some 67 per cent of all France's food exports during 1977 were shipped to other Common Market countries, an increase of 1 per cent.

The value of exports of foodstuffs and farm produce was 12.6 per cent higher than in 1976, thanks largely to a boom in the second half of the year. In the

## Sweden gets Kursk contract

ASEA, The Swedish heavy electrical engineering group, has received a contract to supply the complete electrical equipment for a direct reduction steel plant to be built by the West German company Lurgi Chemie und Hüttenstechnik in Kursk, in the Soviet Union. John Walker reports from Stockholm.

The plant is part of a large new steel-making complex. The value of ASEA's share of the order is about DM28m. (\$13m.). Direct reduction is a means of producing iron ore directly in the solid phase at temperatures of about 800° C. The end product, sponge iron or metallised pellets, can be charged directly into an arc furnace.

## Chinese minister for discussions in Bonn

Chinese Foreign Trade Minister Li Tschiang will visit West Germany on April 5 for talks on bi-lateral trade. AP-DJ reports from Bonn. Li Tschiang will meet Economics Minister Otto Lambsdorff.

## Second U.S. airline considers Airbuses

United Airlines is thinking of buying a version of the European Airbus A300. AP-DJ reports from Chicago. The airline has held talks with the Franco-German Airbus Industrie and with Boeing about replacing its DC8s and Boeing 727s.

## East German tender

Guest Keen and Nettelfelde (GKN) has submitted a tender for East Germany to manufacture GKN-designed front-wheel drive transmissions under licence. AP-DJ reports from Paris that Citroen expects to win a contract to build a factory in East Germany producing universal joints.

## Investment in Malta

Another three West German companies are to open branch factories in Malta, bringing the total of German businesses on the island to 32. Godfrey Grimes reports from Malta. They are Tricote, Medwear and Kapunkt.

## Greek-Iraqi oil deal

BY OUR OWN CORRESPONDENT

ATHENS, March 28.

GREECE AND IRAQ will sign a \$100m. agreement early next month under which Greece will purchase 1m. tons of Iraqi crude oil in exchange for Greek industrial and agricultural goods and technical services.

Professor Angelos Angelopoulos, governor of the National Bank of Greece, who recently returned from a Middle East tour, said the agreement will be signed by Mr. George Rallis, the Minister of Co-ordination, who

will travel to Baghdad for the purpose. Iraq, Professor Angelopoulos said, was prepared to import Greek tobacco, cotton, textiles, electrical appliances, shoes and especially garden produce in exchange for the oil.

Greek exports to the Middle East in the next five years might increase to cover 30 per cent of Greece's total export volume. That would involve foreign exchange earnings of the order of \$750m. annually.

## Boost for Albania links

BY OUR OWN CORRESPONDENT

ATHENS, March 28.

GREEK COMMERCE Minister George Panayotopoulos flew to Tirana today to further Greek-Albanian trade relations. A new protocol to govern trade exchanges in 1978 will be signed during his three-day stay.

Greece and Albania resumed semi-official contacts in the late 1960s. Trade exchanges, through clear-

ing agreements, have since increased from \$8m. in 1973 to \$21m. last year.

Greek exports to Albania include cotton, textiles, metallurgical products, sanitary chemicals and pharmaceuticals, shoes and razor blades. Main imports from Albania have been asphalt, copper and copper products, sulphur, caustic soda and electricity.

TUNISIA HAS called for international tenders for two further gas dehydration plants, laying the pipeline and building the on-shore treatment plant. The second phase involves laying the main distribution pipeline to the cities of Tunis and Gabes with a secondary network to coastal towns and other consumption centres. Elf Aquitaine is acting as overall consultant for developing the

The first covers construction and installation of a 130km. underwater pipeline to transport gas from the Miskar field, off the east coast in the Gulf of Gabes towards the south of Tunisia, to the onshore terminal which will be further north near the Sfax industrial zone. The cost of the pipeline is estimated at Dinars 55m. (\$29.3m.).

The second contract is to build the onshore treatment plant, worth an estimated Dinars 50m. (\$26.3m.).

British companies are understood to be among the bidding for both contracts, and for the project management contract, the first part put out to tender.

The four leading contenders for the project management contract are reported to be CJB, Technip, IMPEX and King Wilkins. CJB, with Davy Powergas and Bourco, is also said to be interested in various parts of pipeline project and CJB again in the treatment plant.

Exploitation of the Miskar field, discovered in 1974 by Elf Aquitaine, is being undertaken in a two-phase project involving a total investment of about \$80m.

Part of the cost is being funded by the World Bank, partly by the \$125m. loan which the Government raised last year on the Euro-markets (to finance several new projects), partly by export credits and partly by equity.

The first phase covers installing drilling platforms, drilling 18 to 24 wells, building and installing

## Russia and Iran agree on gas line

By David Satter

MOSCOW, March 27

THE SOVIET UNION and Iran have reached agreement on construction of the northern third of the new trans-Iranian gas pipeline which is to form part of a Soviet-Iranian network carrying 17bn. cubic metres of gas a year to West Germany, France, Austria and Czechoslovakia, beginning in 1981.

The new pipeline, known as East 2, is to run parallel to the old, trans-Iranian pipeline from the Kangan wells along the Gulf. It is expected to have an eventual cost of about \$3bn.

The northern section of the 1,400km. pipeline will run from the city of Qom to the Soviet border, and Soviet assistance in its construction will be paid for with deliveries of natural gas.

A formal agreement on the Soviet-Iranian co-operation in pipeline construction is expected to be signed in April.

## Kenya pipeline flows

BY JOHN WORRAILL

NAIROBI, March 28.

Kenya's 300-mile refined oil pipeline, from the East African oil refineries at Mombasa to Nairobi, has begun full commercial operation. It has a capacity of about 1,440,000 tonnes and is capable of expansion to 2,440,000 tonnes a year by 1985.

Built in just over two years at a cost of £50m, the pipeline is a Nairobi-Mombasa main road. The pipeline ends at the Nairobi industrial area, from which oil, motor spirit and diesel are delivered to the main oil companies' tank farms. A spur line for aviation fuel branches from Pencoil, the British consultancy, the main pipeline to the new

planning and building supervision. The pipes came from Japan and the storage tanks from India.

One main object of the pipeline is to relieve the heavy congestion on the single-lane Nairobi-Mombasa main road. The pipeline ends at the Nairobi industrial area, from which oil, motor spirit and diesel are delivered to the main oil companies' tank farms. A spur line for aviation fuel branches from Pencoil, the British consultancy, the main pipeline to the new

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## Swiss build more abroad

BY JOHN WICKS

ZURICH, March 28.

THE SWISS construction industry showed a sharp increase in its foreign activities last year, according to SBI, a group of leading independent building companies.

Although Swiss government estimates reckon with a further 4 per cent decline in domestic building volume for 1977, Sw.Frs.507.72m., 13.7 per cent, foreign turnover of SBI member

concerns rose by some 55.5 per cent over the year.

However, competition is becoming increasingly difficult on outside markets and the companies booked a 8.2 per cent drop in new-order volume during 1977. At the end of last year, foreign contracts on hand were worth Sw.Frs.507.72m., 13.7 per cent, more than a year earlier.

## ENERGY DEVELOPMENT

## Tunisia attracts British companies

BY MARGARET HUGHES, RECENTLY IN TUNISIA

TUNISIA HAS called for international tenders for two further gas dehydration plants, laying the pipeline and building the on-shore treatment plant. The second phase involves laying the main distribution pipeline to the cities of Tunis and Gabes with a secondary network to coastal towns and other consumption centres. Elf Aquitaine is acting as overall consultant for developing the

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The furthest advanced of those is the Gabes fertiliser complex being undertaken by Societe d'Engrais et de Phosphate Azotes (SEPA), in which the Tunisian Government has a 60 per cent stake and Abu Dhabi 40 per cent. Abu Dhabi is putting up 40 per cent of the loan and equity financing.

The first phase is under construction with Heurtey Industries of France as main contractor and completion scheduled for mid-1979. This phase, involving a total investment of about \$196m., is the expected during the first half of the year.

The second nitrate fertiliser plant, comprising a 300,000 tonnes-a-year ammonia plant and a 330,000-tonne-a-year ammonium nitrate plant, was put out to tender more than a year ago, many and Voest Alpine of Austria in partnership with Toyo Engineering of Japan. The first Tunisia, helped partly by

three contenders are understood to be on the shortlist. Completion is scheduled for 1981.

When completed, the fertiliser plants will form part of Tunisia's largest chemicals complex, at Gabes. This is a new industrial area which has been developed in the past ten years or so as a result of the Government's plan for providing employment for the more underdeveloped part of the country, where most people live at subsistence level. Some interest shown by companies as CJB, Davy Powergas and Glasgow. They would be happier still if British chemicals and cement

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which have to be synchronised because of their dependence on gas as a feedstock, are being delayed until gas supplies have been assured. Mr. Sfar confirmed that all would be implemented but it was now all a question of timing.

That is largely why contracts for the second phase of the Gabes project, worth an estimated \$333m., have still not been awarded, although there was also a guarantee for placing methanol on the European market.

Tunisia is anxious for foreign participation and investment in achieving its industrialisation programme. More than 22 per cent of its Fifth Plan allocation is being invested in manufacturing industries—Dinars 950m. with Dinars 230m. for chemicals.

But although the Germans, Italians and, inevitably, the French have been very active in Tunisia, helped partly by Government aid, Britain has been virtually a non-starter. Not one British company has set up manufacturing facilities in Tunisia under the numerous foreign investment laws. Similarly, apart from some public works projects, Britain has not picked up many contracts in Tunisia.

The Tunisians nevertheless remain anxious to do business with British companies and are therefore encouraged by the interest shown by companies as CJB, Davy Powergas and Glasgow. They would be happier still if British chemicals and cement

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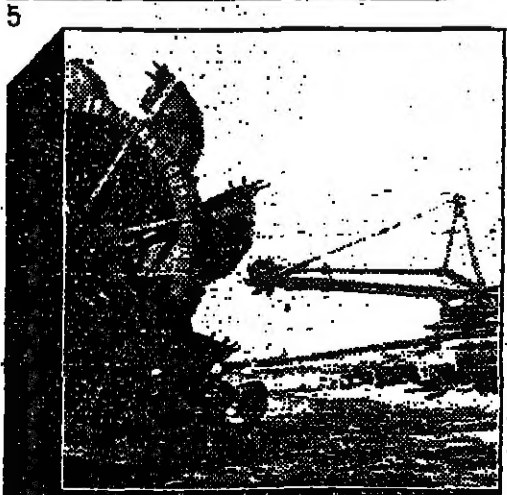
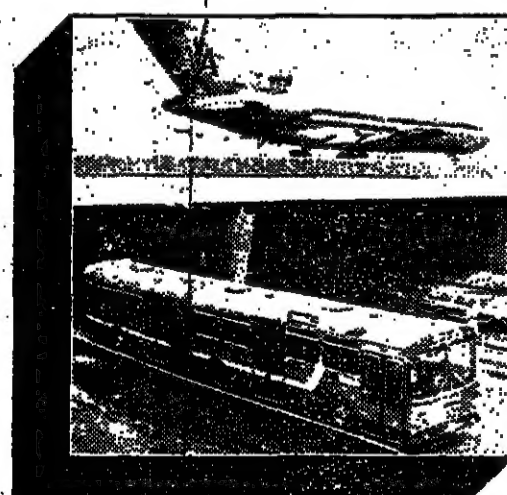
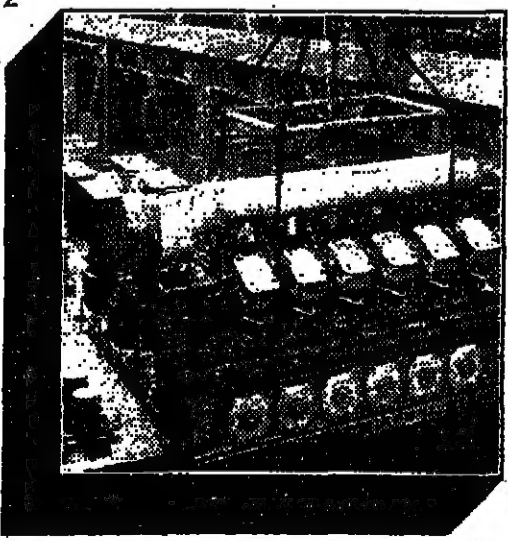
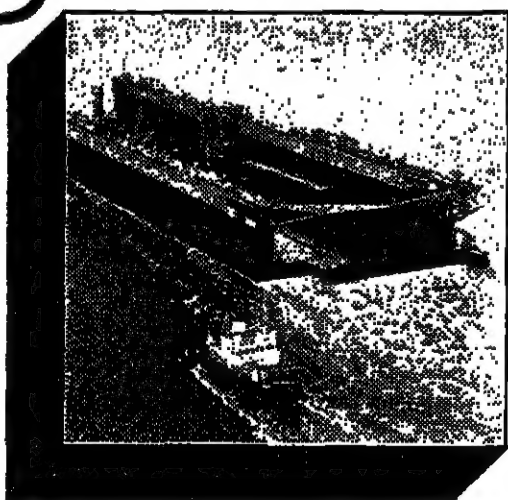
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Assets	
Fixed assets .....	472
Subsidiaries .....	299
Stocks .....	1735
Current assets .....	1134

Balance sheet total ..... 3640

Equity and liabilities	
Share capital and reserves .....	710
Pension fund .....	291
Long-term liabilities .....	463
Downpayments received .....	1168
Other reserves and liabilities .....	1008
Balance sheet total .....	3640

Profit and loss account	
Total sales .....	4284
Added value .....	1966
Wages and salaries .....	1367
Depreciation .....	100
Taxes .....	110

Net profit for the year ... 60

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## HOME NEWS

### Proposals to ease Secrets Act are expected soon

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT is expected to publish its long-awaited proposals for changes in the widely criticised Section 11 of the Official Secrets Act in May. The Act makes unauthorised disclosure of any official information technically an offence.

A draft of the White Paper has almost completed its inevitable laborious passage through the Whitehall departments. The effective result is that whatever urgency Ministers show no Bill can pass through Parliament before the next General Election and a possible change of Government.

The document will stick to ideas outlined by Mr. Merlyn Rees, the Home Secretary, in the Commons more than 16 months ago. These proposals replaced Section 11 with an Official Information Act based on recommendations by the Franks Committee.

Mr. Rees then undertook to go slightly further than Franks, and exclude from sanctions various categories of economic information and Cabinet committee papers.

But it would still be an offence to divulge confidential data about individual citizens, or protected military, security and foreign policy information.

But any goodwill in Westminster's anti-secrecy lobby for this more liberal approach has been destroyed by the delay in bringing forward the White Paper and the meagre results of the "open Government" campaign, to which the Prime Minister paid lip service last summer.

MPs, pressing for more sweeping change believe with some what bitter cynicism that once more the secretive instincts of civil servants and Ministers have carried the day.

Mr. Kenneth Warren, Tory MP for Hastings and chairman of the all-party Freedom of Information Campaign, which claims the support of 150 MPs, said last night that he was "disappointed and very annoyed."

His group wants Section 11 repealed in favour of a Freedom of Information Act along American lines making all official information available to the public except that affecting personal privacy or security, trade or commercial secrets.

An all-party Commons motion urging this had more than 70 signatures by last night.

### Councils' land cash doubled to £120m.

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE GOVERNMENT is to double the cash available for land purchase by local authorities under the Community Land Act to £120m. next year.

The Department of the Environment announced the change yesterday in a guidance note that counteracts earlier, restrictive notes.

Under the Community Land Scheme, introduced in 1976, authorities are able to buy land and sell or lease it to developers. But the authorities need the

department's permission to borrow the purchase money. Cuts in public sector spending forced a much slower increase in the amount of loan sanctions to local authorities than envisaged when the Community Land Act was first drafted. The 1976-77 £22m. allocation rose to £30m. last year.

Now, the department has decided that "the resources available for the acquisition of land under the scheme in 1978-79 are roughly double those for the current year."

### Obituary

#### Mr. Jack Hindle

MR. JACK HINDLE, chairman and chief executive of the Scapa group, the Blackburn, Lancashire industrial textile manufacturer, has died.

Mr. Hindle had been chairman since October, 1976, after 10 years as group managing director. His career started with Hindle Son, the family engineering business, now within the Scapa group.

In 1955, he joined the staff of Scapa Dryers, the paper machine felt company, founded by Thomas Hindle, his father, in 1927.

He later held appointments as director, and later as managing director and chairman, of the dryer felt division, before being appointed managing director of the holding company in 1967.

Under his guidance, Porrits and Spencer was brought into the group in 1968 and over the next 10 years, Scapa's overseas developments increased, particularly in North America.

Mr. Hindle was married with three children and lived in Grindleton, Clitheroe, Lancashire.

### Another 1½p likely on loaf next week

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE PRICE of bread is expected to go up by at least 1½p a loaf on Monday. The Price Commission, which has decided not to intervene in the latest round of increases proposed by the big baking groups.

The three biggest groups—Spillers-French, Associated British Foods and Rank Hovis McDougall—submitted plans for raising their prices almost a month ago.

Under price controls, companies have to give the commission 28 days' advance notice of increases. If during that period the commission has not told them it wants to carry out a full three-month investigation, companies are free to implement the increase.

Technically, the commission still could intervene in at least one of the bakers' notifications but the signs are that it will not.

An investigation in any case would not prevent a substantial price increase taking place immediately because all the companies could justify rises under the profit safeguard provisions written into the controls.

The latest rise, due in part to the need to pay the full European Economic Community levy on imported flour from the beginning of the year, is expected to add at least 1½p to the cost of a loaf costing 28½p.

The exact size of the increase depends how big an increase Associated British Foods decides to implement. Although the two other big groups almost certainly would like a larger increase, competition will prevent their raising prices by more than 1½p.

Last November, all three groups raised prices by 2p a loaf and it may be that Associated will announce an increase of the same size this week.

### Call for forum of 'oil' nations

BY KEVIN DONE, CHEMICALS CORRESPONDENT

AN international energy forum of oil importing and exporting nations should be established without delay, according to a report sponsored by the Rockefeller Foundation.

The report says that without such an organisation, the eventual tightening of world oil supplies could generate unrestrained and damaging competition between governments of importing nations trying to secure a share of shrinking resources.

Two of the authors, Mr. Geoffrey Chandler, a director of Shell Petroleum, and Mr. Ian Smart, deputy director of the Royal Institute of International Affairs, say that it is a dangerous error to believe that the present ample world supply of oil will stretch ahead indefinitely.

"Unless appropriate action is initiated now, there is a real prospect of scarcity, sharp price rises, and consequently increased international friction over oil, possible as early as the 1980s."

"Intelligent and imaginative action—at both international and national level—is therefore required to avert or mitigate a future international crisis over energy, which could divide the industrial world and jeopardise developing economies."

If a forum of oil-reliant nations was not formed, divisions would appear in Western Europe between the northern countries and the energy-poor south, while the U.S. role as a growing energy consumer and importer of energy would become more obstructive.

International Energy Supply: An Industrial World Perspective. Rockefeller Foundation, 1123 Avenue of the Americas, New York, N.Y. 10036, U.S.

### Options market dealers' rate decided

BY CHRISTINE MOIR

A FIXED rate of commission has been decided by the Stock Exchange Council for the London traded options market which is to start operating shortly.

A guidance note will be sent out to dealers within the next few days.

Mr. Dundas Hamilton, who heads the options committee, yesterday confirmed that a figure had been decided and would be announced shortly.

It would, however, be kept under constant review because a market in traded options was a new activity.

The impact of turnover within this market on the whole of Stock Exchange dealings would be carefully monitored.

The decision is thought to involve consequential rule changes to some Stock Exchange rules and these have still to be authorised.

### U.K. to present anti-terrorist nuclear scheme

BY DAVID FISHLOCK, SCIENCE EDITOR

THE IDEA of a nuclear technology intrinsically resistant to terrorists attempting to hijack nuclear materials is being presented as an official British contribution to a meeting of the International Nuclear Fuel Cycle Evaluation in Vienna to-day.

The evaluation is the two-year study proposed by President Carter at the London summit last spring to investigate how to make nuclear technologies more resistant to proliferation of nuclear weapons.

Britain will be advancing the Civex concept, devised jointly by Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority, and Dr. Chauncey Starr, president of the Electric Power Research Institute in California.

Resistant It will be presented during an examination of fast breeder reactor fuel cycles, under the joint chairmanship of the Belgian, Italian and Russian Governments.

About 40 nations taking part in the evaluation have been advised of the Civex presentation by the British Government.

The two scientists collaborated to produce a technology they believe could dispel fears that criminals, terrorists—even ill-

intentioned Heads of State—might make bombs out of stolen plutonium.

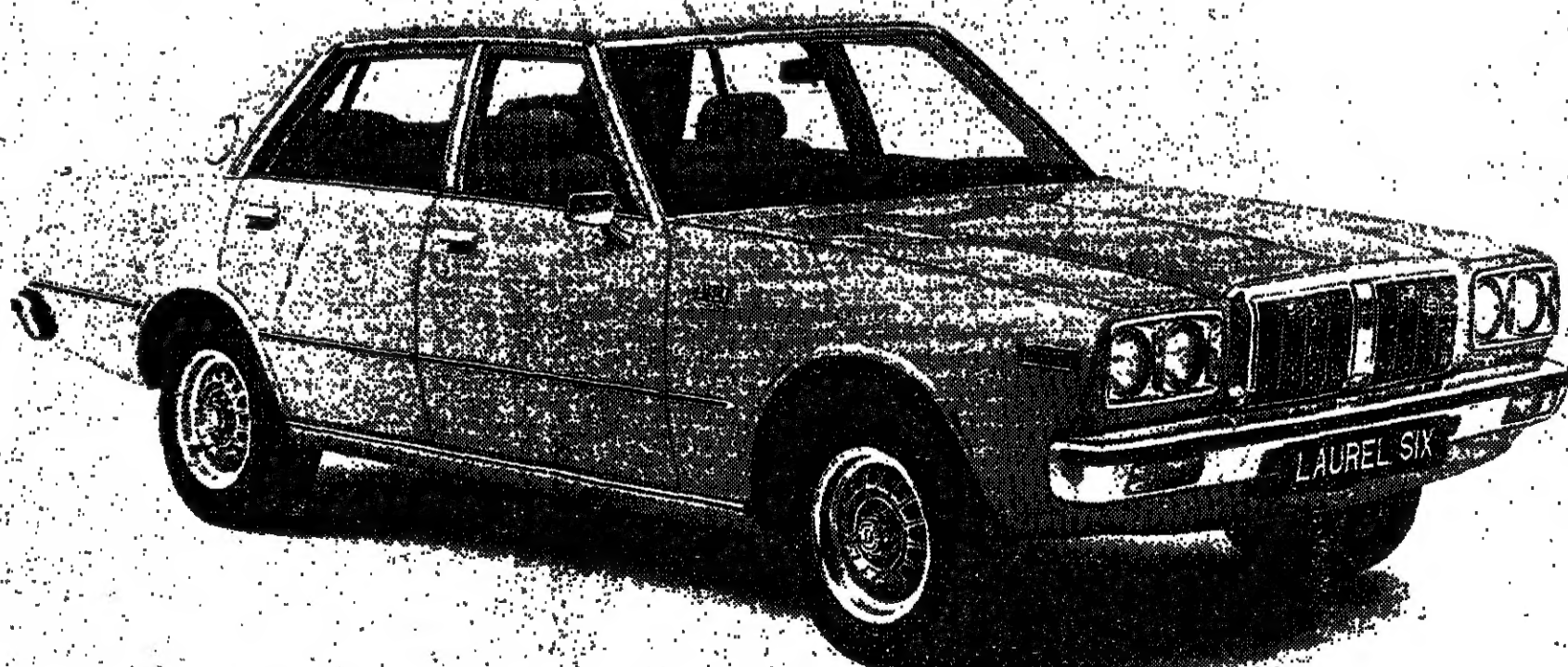
The Civex scheme was first disclosed a month ago, shortly before the Government published the Parker Report on the Windscale inquiry, while strongly supported plans for new British reprocessing plant at Windscale.

The key idea behind Civex is that the plutonium can be made intrinsically resistant to the most determined thief by retaining enough radioactivity to kill within about an hour anyone who attempted to handle the fuel.

Dr. Marshall, author of the paper to be presented to-day, emphasising that Civex is not an alternative to the present Purex process, which will be used in the new 1,200-tonne reprocessing plant the Government plans to build at Windscale.

The first step, as he sees it, will be to win international support for a large-scale demonstration of Civex, perhaps funded through the International Energy Agency, before a commercial Civex plant could be undertaken, perhaps in the 1990s.

If the engineering of the Mercedes 200 impresses you,  
Or the luxury of the Peugeot 604 appeals to you;  
If the safe design of the Volvo 244 reassures you,  
Or the styling of the Audi 100 attracts you;  
If the smooth performance of the BMW 520 excites you,  
...and you want an executive saloon with an extremely high level of equipment, Datsun presents...



## The New Laurel Six!

Because the New Laurel Six gives you meticulous Datsun engineering, with the luxury of "soft-touch" cloth upholstery and thick carpets; the very latest safety techniques and features for your protection; crisp up to the minute styling; the performance of a smooth and powerful 2-litre, 6 cylinder engine; and a full complement of high luxury equipment from fibre optic head and tail lamp monitors to a quartz digital clock!

Datsun engineers are precise people. What they design on paper they reproduce exactly in the factory, not accepting any compromise for the sake of mass-production.

And with the New Laurel Six they set out to offer the best car qualities in one impressive 2 litre luxury saloon. Now you can see how well they have succeeded.

High quality engineering is immediately apparent when you see the superb finish of the New Laurel Six and hear the quiet "clunk" as the doors close.

The luxurious interior is spacious and supremely comfortable. Deeply upholstered seats are scientifically designed to keep you in comfort, and the appointments are worthy of a car many times the price. There are wall-to-wall deep pile carpets, thickly padded head restraints for the front passengers and corner head rests for those in the rear seat; a push-button radio and auto-reverse stereo cassette player to entertain you while you travel; a highly accurate quartz digital clock to keep you on time for business appointments; an economy indicator to help you drive at optimum engine efficiency; tilt-adjustable steering for your greater comfort; an array of warning lights, including

one that will tell you if a passenger has not closed a door properly; a vanity mirror in the illuminated glove box; a special compartment for your favourite cassettes; superb alloy road wheels; and a host of other special features which your Datsun Dealer will show you.

The 2-litre overhead camshaft engine gives the New Laurel Six a powerful advantage over most of its competitors because it has the smoothness of 6 cylinders instead of the more conventional 4 cylinder unit.

Engine Size (litres)	Max. Speed (mph)	Government fuel consumption tests (mpg)		
		Constant 56mph	Constant 75mph	Town Driving
2.0 (manual)	103	31.7	23.9	21.2
2.0 (automatic)	99	28.6	22.1	23.3

Should you think that a car like the new Laurel Six is likely to be very expensive, you will be pleasantly surprised to learn that it will not cost you anything like the £6610 of the Peugeot 604, or even £6499, of the BMW.

The new Laurel Six is priced at just £4101, which represents remarkable value for money for such an impressive luxury car; a car ideally suited for executive leasing or fleet purchase.

So if you are a private customer, or a Company considering the acquisition of a number of executive cars see the new Laurel Six saloon on display at your Datsun dealer now. We think you'll find more reasons to want it than any other car in its class.

### COMPANY NOTICES

#### COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS NOTICE TO SHAREHOLDERS

Shareholders of Compagnie Financière de Paris et des Pays-Bas are invited to attend the Annual General Meeting on Thursday, 5th April, 1978 at 3.30 p.m. in the Hotel Elise Rooms at 7 Avenue Garibaldi, Paris (9ème).

- AGENDA:
- Report of the Board of Directors, and Report of the Auditors;
  - Approval of the accounts for the financial year 1977 and agreement of the dividend;
  - Appointment of Directors;
  - Appointment of an Auditor;
  - Business covered by Article 101 of the Law of 24th July, 1966.
- Irrespective of the number of shares held, shareholders are entitled to attend the meeting or to be represented either by a shareholder acting in person and attending the meeting, or by their spouse.
- However, only shareholders who have previously furnished proof of their shareholding as set out below will be admitted or allowed to be represented:
- In the case of registered shares, by entering the said shareholdings in the Company's share register two clear days before the date of the Meeting;
  - In the case of bearer shares, by depositing the shares two clear days before the date of the Meeting at the counters of Banque de Paris et des Pays-Bas: at the Head Office, 3 rue d'Antin, Paris (2ème); at the branches and sub-branches in France and abroad; or at the counters of subsidiary banks situated in the country of the shares.
- who, once form and submission cards will be available. OR, if the shares are already deposited with a bank or stockbroker, by requesting the intermediary to deliver the said shares in advance of the meeting and to advise the officers in charge accordingly, two clear days before the date of the Meeting.
- THE BOARD OF DIRECTORS.
- Holders of bearer shares in the United Kingdom may obtain, from the proxy of the offices of S. G. Warburg & Co. Ltd., London Department, 51 Abchurch Lane, Golden Square, London W1P 3LD, on deposit of their bearer shares not later than 2 p.m. 4th April, 1978.
- 29th March 1978.



## HOME NEWS

## Chrysler planning deal delayed

By Our Midlands Correspondent

THE SIGNING of a new planning agreement between the Government and Chrysler U.K.—the only company in nearly four years of the present Labour administration to have entered into a formal arrangement—seems unlikely before May.

The first agreement, signed last March, proved an embarrassment to the company with its forecast of a £340,000 profit for last year. Eventually a £21.5m. loss was reported.

The new agreement was delayed by the three-month breakdown in talks between management and shop stewards.

Failure of the company to give a quick answer brought accusations from the unions that Chrysler had gone cool on planning agreements.

There was resentment among senior executives at the fact that Chrysler stood in isolation as the only signatory of an agreement, with targets for market share, output and profits a matter of public knowledge.

## Agreement

The planning machinery, however, has swung back into action since the announcement in January that the company was to switch production of the new car from Linwood, Scotland, to Ryton, Coventry.

The hope is that agreement on details of the plan may be reached with shop stewards in the next two months, ready for the official signing by Mr. Eric Varley, Industry Secretary, towards the end of May.

Chrysler has set a more ambitious profit target than for last year for what will prove a crucial year for the U.K. operation.

The company has operated profitably for the last two months—the first time since the rescue deal negotiated with the Government in December 1975.

An improvement in output and quality at the Linwood factory has already been achieved. Production before Easter was running at a record 89 per cent of the target.

The new car to be introduced at Ryton is a four-door version of the successful Alpine model.

## Jobs in cotton industry cut by 5,000 last year

BY RHYS DAVID, TEXTILES CORRESPONDENT

EMPLOYMENT in Britain's cotton and allied textile industry is still falling with the total in work declining between last year and January this year by nearly 5,000.

Although some other textile sectors—notably knitwear—have managed to increase their labour force over the past year, continued imports pressure, coupled with depressed home demand, brought about a drop of 900 jobs in January alone in the cotton and allied sector, based mainly in Lancashire.

Total employment in spinning, weaving and finishing was 72,790 in January compared with 76,590 a year ago.

Production by the industry is down with the weight of yarn produced totalling 3,486m. kilograms in January this year, compared with 3,896m. kilograms a year ago.

Cloth production fell from 18,09m. metres to 17,77m. metres. There are worrying signs that in the more buoyant wool textile sector the export boom of the past two years is falling off.

The past few months have seen some falling away in deliveries and in January total exports at £29.8m. were £2.7m. less than in December, and only £1.1m. ahead of the same month last year.

The falling away is concentrated at the earlier processing stages and is thought to reflect in part the rise in the value of sterling as well as continued lack of confidence around

the world over likely levels of demands for textile products.

Exports of yarn at £5.3m. were down 8 per cent compared with January 1977 (17 per cent. in volume) and exports of raw wool were down by 23 per cent. at £3.5m. (22 per cent. in volume). Earnings from tops (combed wool) decreased by 14 per cent. to £1m. and were 10 per cent. less in volume.

The bright spot for the industry remains sales of worsted cloth overseas which were up substantially in January, more than compensating for a fall in woollen exports.

## Middle East rise

Total worsted sales overseas during the month stood at 1.5m. square metres compared with 1.4m. square metres in January last year.

Sales of worsted cloth to the Middle East rose in January to 623,000 square metres compared with 292,000 square metres in the same month last year.

Woolen sales abroad dropped from 2.24m. square metres to 1.74m. square metres.

In spite of the apparent fall in overall trade, industry leaders see prospects for U.K. wool textile producers as better than for any of its EEC counterparts.

Mr. Michael Roberts, chairman of the Wool Textile Delegation, claimed at a recent meeting with a group of MPs that activity in the U.K. and orders in hand were

at a higher level than elsewhere in the Community.

A new cause of concern, however, was the arrival in Europe of subsidised wool fabric from South American countries.

A £5.4m. investment in the multi-fibre textile industry of Tayside was announced by Mr. Alec Lindsay, retiring chairman, at the annual meeting of the Association of Jute Spinners and Manufacturers in Dundee.

Mr. Lindsay said that the programme would safeguard jobs by keeping regional textile enterprise in top technical trim. Most of the investment was geared to winning new markets by installations of the latest types of machinery for jute and synthetic textiles.

Demand last year had been affected by the slow recovery in the home economy, but was marginally better than expected. An increase in exports was the more welcome.

## Four-day week

THE GOODYEAR Tyre Company wants to put the 4,000 production workers at its giant Wolverhampton plant on a four-day week. The company is discussing with unions the possibility of shutting down the plant for one day a week until the end of April. The news comes only days after Goodyear announced 400 redundancies at the factory.

## Acetate esters plant for BP

By Our Chemicals Correspondent

BP CHEMICALS has commissioned an additional acetate esters plant at its site at Carshalton, Surrey, as part of an expansion into the small to medium tonnage organic chemicals business.

The esters, produced in a batch process, are widely used in paint for the motor industry and the decorative market, in printing inks, leather goods and the cosmetics industry.

BP Chemicals is still predominantly a producer of bulk petrochemicals but it is trying to develop more speciality downstream products.

A major raw material for the new plant is acetic acid, of which BP is the largest producer in Europe. It is building a new £25m. plant for this product at Hull.

At Carshalton most of the operations are batch processes and together produce about 15,000 tonnes a year of solvents, plasticisers and other chemical intermediates.

The Department of Industry has commissioned a £378,000 research programme into expanding uses for glass-reinforced plastics and other composite materials.

## Trustee chosen for Hemerdon mining shares

BY PAUL CHEESERIGHT

THE SUPREME COURT of Bermuda has appointed Lasser, Robson and Rhode, a local company, as trustee of the shares in Hemerdon Mining and Smelting, which owns the mineral rights to a tungsten-tin-china clay orebody seven miles from Plymouth.

The decision should lead to an unravelling of the internal affairs of Hemerdon Mining, incorporated in Bermuda, and provide it with a firm equity base as exploration at the deposit pushes ahead.

Hemerdon Mining is undertaking the exploration in a joint venture with Amax of the United States, and this work is unaffected by the internal difficulties of the company.

Lasser, Robson and Rhode is a Bermudian associate of Dunwoody of Toronto, previously appointed by the Supreme Court of Ontario as trustee for people who had advanced money to promote Hemerdon Mining.

The Supreme Court of Bermuda brought Lasser, Robson and Rhode into the case after talks in Toronto last Wednesday between Dunwoody, the Ontario Securities Commission and Mr. Carl Schwarzwald, who became chairman of Hemerdon Mining in December 1976.

The Ontario Securities Commission is holding 40 shopping bags full of documents relating to the internal activities of Hemerdon Mining and Mr. Bill Richardson, the chairman until he was replaced by Mr. Schwarzwald.

The case of the Hemerdon Mining shares, which has been before the Bermuda court for a year, centres on the activities of Mr. Richardson, a veteran Canadian mining prospector and original promoter of the company, over 15 years until December 1976.

## Documents

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The case of the Hemerdon Mining shares, which has been before the Bermuda court for a year, centres on the activities of Mr. Richardson, a veteran Canadian mining prospector and original promoter of the company, over 15 years until December 1976.

The issue involves the returns, in the form of shares, which should be made to Mr. Richardson's grantees.

Grubstakers are people who are prepared to support with cash the activities of a mining prospector in his search for, or exploitation of, a mineral deposit.

sit. The term dates from a century ago when individual prospectors were more common than now.

The grubstake money passed to Mr. Richardson for his prospecting at Hemerdon and at Parys Mountain, in Anglesey, totals \$3m., according to his own figure mentioned in a series of telex messages dated December 18, 1976. Most of the money came from Ontario—hence the interest of the Ontario courts and Securities Commission.

Grubstake certificates, signed by Mr. Richardson, offer one share in Hemerdon Mining for one dollar of grubstake money. A total of 5m. shares are involved and the number of investors thought to be linked with the company exceeds 1,000.

But no shares have ever been settled on particular shareholders. They are held in a Bermuda bank, awaiting allocation by the Supreme Court of Bermuda, which will now be acting on the advice of Lasser, Robson and Rhode. The grubstakers have received no returns, either in the form of shares or of dividends.

The grubstakers include Mr. and Mrs. Derek Haynes, a British couple who went to live in the U.S. seven years ago. They advanced \$1,000 of grubstake money to Mr. Richardson in 1972 and in October, received a grubstake certificate with a covering letter from Mr. Richardson.

The certificate stated at the top "This is a mining gamble," but was entitled "Hand-Steel Grubstake." Down the side, a typewritten comment said that Hand-Steel had been wound up a few years ago but that the document was a valid receipt for the interest in Hemerdon and Parys Mountain.

## Winner

The letter mentioned Hemerdon as "a big winner," which would soon be known as the world's largest producing tungsten, tin, china clay mine.

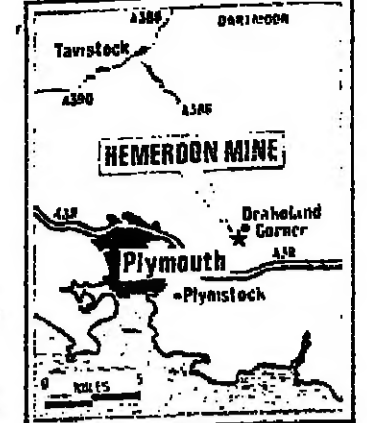
It was not until the following year that old shafts, dating back to World War II, were cleared, so that fresh assays could be taken. Drilling did not start until late 1976.

A telex message sent to the Financial Times on November 15, 1976, from Mr. Richardson said that on that day, "the first drill hole ever on this great British orebody" had been started.

When Mr. Richardson first wrote to the Haynes, there had been no drilling programme at Hemerdon deeper than 60 feet.

Mrs. Haynes said, "periodically we would receive an enormous envelope containing masses of copies of correspondence." This correspondence largely related to negotiations which Mr. Richardson was having about raising finance for the development of Hemerdon, or about a joint venture with a major mining house.

In March 1974, Mr. Richardson responded to queries from Mr. Haynes with a letter which included the suggestion that Hemerdon stock would be sold through the London Stock Exchange at 85 a share. There has not to this date been a London share issue.



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## Trading

The present management of Hemerdon has, however, been holding talks with the Securities and Exchange Commission in the U.S. about over-the-counter trading.

In the last letter the Haynes ever received from the Richardson management of Hemerdon, dated September 27, 1974, Mr. Edward Lanier, a director, wrote about the finalisation of negotiations with major mining companies.

In fact, all Mr. Richardson's negotiations with major mining companies broke down and it was not until December last year that a joint venture with Amax was announced. Amax had laid down its terms for a joint venture with the Richardson management as early as September 1971.

After September 1974, the Haynes were given no further information about Hemerdon and knew of developments from the end of 1976 only through the Financial Times.

## Improvement in paint sales forecast

BY KEVIN DONE, INDUSTRIAL STAFF

PAINT SALES should improve slightly during the next two years after months of depressed trading, according to a survey by Staniland Hall Associates. Price increases are expected to ease, but profit margins should rise sharply.

The forecasts are based on expectations of general economic growth and analysis of the main paint-using industries.

After a long recession, new construction work is expected to grow this year and next and, more importantly for paint demand, there should be increases in maintenance and repair work.

This year would be a fairly buoyant year for the housing market, in spite of curbs on building society lending.

Figures from the Paintmakers Association show that the volume of sales to the decorative market last year was stagnant, but price increases pushed up the sales value by about 12 per cent.

Do-it-yourself sales of decorative paint—about one-third of the market as against two-thirds for the professional trade sector—should rise strongly this year and again next year. But slower movement in the subsequent three years should give an average increase of about 4 per cent.

A year over the next five years. Paint was expected to maintain its fashion edge over wallpaper, but the gap should narrow.

Sales last year to the motor industry were marginally down on 1976. Although car output would recover slowly this year, it would remain below the 1972 peak, with imports taking half the home market.

Industrial paint sales as a whole, which last year were 6 per cent. down on the 1973 peak, should show a modest increase of about 3 per cent. this year. Exports were expected to slow, but they were still one of the brightest parts of the industry's performance and would grow

faster than home market sales. Last year, exports increased by about 30 per cent. in volume and 43 per cent. in value.

Costs of raw materials and energy for the paint industry rose by about 12 per cent. last year, but would be substantially reduced this year.

Profit margins were squeezed from a level of more than 21 per cent. in 1973 to under 10 per cent. in 1976. But the study suggests that the significant recovery begun last year will continue this year.

The Paint Industry and its Markets, 1973-82, Staniland Hall Associates, 42, Colebrooke Row, London, E23

## CONTRACTS AND TENDERS

## CALL FOR TENDER



## EMIRATES &amp; SUDAN INVESTMENT CO. LTD.

## TENDER FOR THE CONSTRUCTION OF 200 WAREHOUSES (RED SEA REGION)

## PHASE ONE: 34 WAREHOUSES AT PORT SUDAN

- The Chairman of the Board of Directors, Emirates & Sudan Investment Co. Ltd., invites Tenders from competent contractors for the construction of 34 "Thirty four" Warehouses complete at Port Sudan (D.R. of Sudan) as phase one from the total number above.
- The Tender Documents "in English only" can be obtained from the office of the Managing Director of the Emirates & Sudan Investment Co. Ltd., 16 Babiker Bedri St., P.O. Box 7036, Khartoum, Telex 524 EMSU KM, Telegraphic Address: EMSU Khartoum, during office hours against payment of L.S.100 (one hundred Sudanese pounds = £145 US\$290) non-refundable.
- Tenders will be accepted for 4 warehouses as a unit and Tenderers should deposit a sum of L.S.4000 (Four Thousand Sudanese pounds) or its equivalent in other convertible currencies either by certified cheque or a letter of guarantee from a reputable bank valid for at least three months after the closing date as a preliminary deposit in the name of the Managing Director, Emirates & Sudan Investment Co. Ltd., for each unit. Tenderers for more than one unit should multiply their deposit accordingly. Separate offers per unit for lighting and fire systems may be added as option.
- The successful Tenderer/Tenderers shall be asked to sign formal contract within two weeks after being notified of the acceptance in writing and to complete the deposit to 10% (ten per cent) of the total value of the contract either by a certified cheque or a letter of guarantee from a reputable bank valid for one year after handing over all works. Other forms of guarantee may be required for longer period. Any other plans for payment that may lead to the reduction of the cost could be proposed by the tenderers. If the contractor fails to sign the contract within the specified time, he shall lose his right to recover the preliminary deposit.
- The preliminary deposit shall be refunded to the unsuccessful tenderers two weeks after the firm award of the contract.
- Tenderers shall state clearly the following:—
  - The names, qualifications, and experience of engineers and technicians who

- will be responsible for the execution of the works.
- Examples of similar projects they have executed.
- A detailed programme specifying the progress of the works and the time required for the completion of all works specified in the tender and shown in the drawings, as from the date of the signature of the contract.
- A list of equipment and machinery in their possession necessary for execution of the works.
- The supply of all materials, equipment and machinery whether local or imported necessary for the execution of all works is solely the responsibility of the Contractor.
- Tenders shall be valid for at least three months after the closing date mentioned in para (12) below. The offer may be based on the detailed alternative or for an accepted alternative to be presented in detail to the Managing Director.
- All information relevant to the tender shall be submitted in English Language.
- For imported items, The Emirates & Sudan Investment Co. Ltd. will directly pay all insurance, clearance, customs and other Port charges.
- Foreign Currency will be paid directly from The Emirates & Sudan Investment Co. Ltd. reserves with The National Bank Abu Dhabi.
- Tenders should bear the prescribed stamp duty and should be addressed in sealed envelopes bearing the words (TENDER FOR THE CONSTRUCTION OF WAREHOUSES AT PORT SUDAN), to The Managing Director, Emirates & Sudan Investment Co. Ltd. and should be delivered to the Tenders Box at the Company's Head Office, 16 Babiker Bedri St., 3rd Floor, Khartoum, Sudan, not later than 12.00 Noon Sudan Time Tuesday the 20th of June 1978.
- Any tender which does not comply with any of the above-mentioned requirements will be rejected.
- The Chairman of the Board of Directors, Emirates & Sudan Investment Co. Ltd., is not bound to accept the lowest or any other tender.



This man aims to double his company's sales in 18 months  
We aim to give him all the help he needs

When you're building up a business, one of your most important assets can be a first-class service from your bank. You need quick decisions on credit. An efficient day-to-day service. A bank that can handle overseas transactions with a minimum of fuss or delay. And a bank manager who knows your business well enough to be able to provide advice, support and help when you need it.

Coutts & Co offers you all this. It's a bank based on a 285-year tradition of expertise, efficiency and highly personal service. A bank that has been welcoming corporate customers—and helping them to grow—for generations.

If you feel that a better banking service could help you build up your business, contact John Acheson at Coutts. Because that's precisely what he'd like to offer you.



Coutts & Co

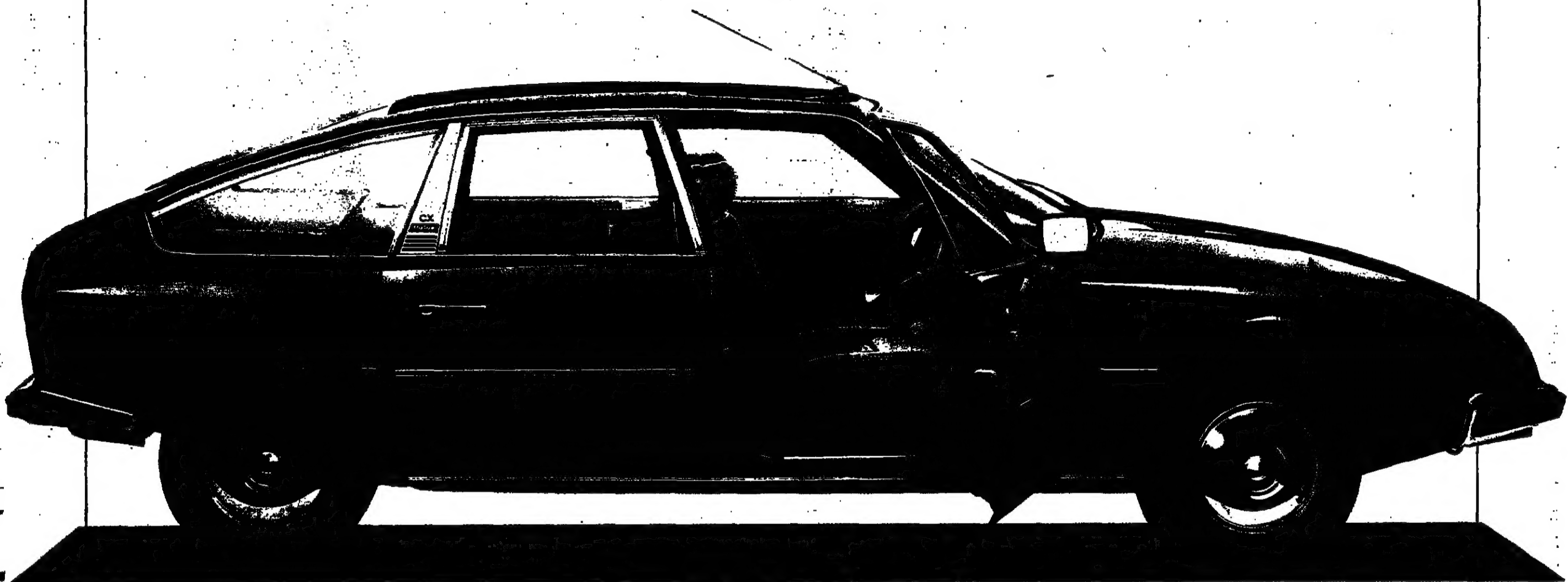
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1, Suffolk Street, London SW1V 1HE. Telephone: 01-836 7701.

مكاتب الأصيل



# CITROËN CX. A NICE PLACE TO GO HOME IN.



Illustrated CX 2400 Pallas with optional sun roof.

In a life increasingly dominated by schedules, deadlines, traffic jams, parking restrictions and general bureaucratic insanity, the Citroën CX brings a welcome release from the pressures of the day.

Its seats are as inviting as your favourite armchair, hugging as if moulded to the very shape of your body. Their design gives excellent back and leg support. However long the journey, driver and passengers are comfortable and arrive relaxed without feeling any need to stretch their legs or flex their muscles.

#### SMOOTH.

Whatever price you pay for a car you will not buy a suspension superior to Citroën's unique hydropneumatic system. It keeps the car perfectly level however much you load it. The ride in a CX remains delightfully smooth all the way home with the hydropneumatic suspension absorbing any unexpected road shocks.

A bonus to all this is the comforting knowledge that if you had a blowout on the motorway Citroën's hydropneumatic suspension would automatically adjust to maintain directional stability and keep the car safely under control.

Further reassurance is provided by Citroën's VariPower steering. It prevents wheels being deflected by road surface irregularities and grows progressively firmer with increasing speed so that the driver always remains in complete control.

At low speeds and for parking, the steering is fingerlight, and power returns to a straight line position immediately the steering wheel is released. No other car has a steering which can match it.

#### QUIET.

Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning a pleasantly surprising 39mpg at a constant 56mph. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636.71

for the CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640.45 and offers a choice of engines (carburettor or fuel injection) and manual or C-matic transmission. All CX models have recommended service intervals of 10,000 miles and have a 12 months' guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68.04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

A selection of the 16 models in the CX range.

Model.	Top speed.	Price.
CX 2000	109mph	£4636.71
CX 2400 Super (5 speed)	112mph	£5427.63
CX 2400 Pallas Injection (C-matic)	112mph	£6597.63
CX 2400 GTi (5 speed, Injection)	118mph	£6580.08
CX 2400 Safari Estate	109mph	£5575.05
CX 2400 Familiale	109mph	£5678.01
CX Prestige Injection (C-matic)	112mph	£8640.45

## CITROËN CX. A WORLD OF COMFORT.







## LABOUR NEWS

### Legal and General staff to contest ACAS finding

BY CHRISTIAN TYLER, LABOUR EDITOR

THE Association of Scientific, Technical and Managerial Staffs has been recommended for recognition for most of the 4,000 employees of Legal and General Assurance Society.

This result of an inquiry by the Advisory Conciliation and Arbitration Service, is to be contested by the society's staff association.

A draft report from ACAS, privately circulated to the parties, shows that in an 80 per cent poll of the employees, 811 said they were members of the Association of Scientific, Technical and Managerial Staffs and 457 of the staff association. Asked which trade union they would like to represent them for collective bargaining, 1,854 said ASTMS and 773 said the staff association. But more than 1,100

said they did not want a trade union. The staff association is to contest the findings of the ACAS survey, after learning yesterday that it had been given a certificate of independence. Mr. Paul Nicholson, of the Confederation of Employee Organisations, said that this made the inquiry irrelevant.

He is also submitting a claim for recognition on behalf of 670 service staff — porters and cleaners — among whom, he says, the staff association has a majority.

A year ago the staff association went to court to protest about the way the recognition inquiry was being conducted. The court ruled that not only were other bodies entitled to consultation, but that ACAS questionnaires should name rival organisations

even if they had not made an application for recognition.

Since then, Mr. Edward Fletcher, Labour MP for Darlington, has put up a Private Members Bill, shortly to go for third reading, which would reverse the effect of that judgment. Under it, ACAS would not be obliged to consult a union that had not gained a certificate of independence.

Mr. Nicholson yesterday condemned the Fletcher Bill as "unnecessary and totalitarian," and accused ACAS of "a series of errors" which had prejudiced its claim to impartiality.

He hinted that if the company refused to entertain a recognition claim for a section of its employees — the service staff — the staff association might apply to ACAS under Section 11 of the Employment Protection Act.

### Grunwick strike may end soon

By Pauline Clark, Labour Staff

THE 19-month strike over union recognition at the Grunwick factory in North London could be officially ended by the union involved, at its annual conference next month. The death knell of the Grunwick affair — the centre of a national debate over trade union rights last summer when pickets at the factory gates clashed with police — was sounded yesterday by Mr. Jack Dromey, a picket leader and secretary of the Great Trades Council in North London.

After a Financial Times report last weekend of how the remaining pickets had lost hope of regaining their jobs, Mr. Dromey said yesterday that the strike would be over in six to eight weeks.

He expected that the national conference of the Association of Professional, Executive, Clerical and Computer Staff in the last week of April would either set a definite date for withdrawal, or announce action to get reinstatement for the strikers and recognition for the union.

The Grunwick strike committee is also planning a national conference in May to review latest developments in the dispute where, by people of originally more than 100 remain on strike.

It seems likely that a final statement on the fate of the strike will wait until afterwards.

But Mr. Dromey believes that without concerted action from the union movement, the chances of achieving either reinstatement or recognition objectives are "bleak."

Mr. Tudor Thomas, deputy general secretary of APEX, said the union's executive had reaffirmed its support for the striking members.

The union, which has asked the Advisory Conciliation and Arbitration Service to conduct a second ballot on union recognition at Grunwick, was also said to be seeking to intensify action to black supplies to the factory.

### Mrs. Williams warns teachers on sanctions and incompetence

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MRS. SHIRLEY WILLIAMS, the Education Secretary, accused teachers' unions yesterday of acting unprofessionally, both by imposing sanctions over their recent pay dispute and by sheltering members incompetent at their jobs.

She told the National Union of Teachers' conference at Blackpool that the Government was playing its part in raising standards by providing for 11,300 additional staff, including 3,500 to permit an increase of 10 per cent in service training.

But the unions also had a responsibility to insist on high professional standards from all teachers, she said, and there was undoubtedly a minority which fell short of the mark.

Later Mrs. Williams made clear that if teachers were to have their desired professional self-regulating status, the unions must "bite the bullet" and see that incompetent staff were removed from classrooms.

However, she said it would be wrong to give parents power to decide what should be taught in their children's schools. To allow parents to demand a

change of school because they disliked the teaching would cause administrative chaos, she told a Press conference after her speech.

While 38 local education authorities had been ordered urgently to submit new or revised schemes for fully comprehensive secondary schooling, she did not expect a new wave of Government legal action against resisting councils.

Though she had no doubt that some authorities were deliberately delaying in the hope of a Conservative election victory, she felt that Labour's battle to establish comprehensive schooling throughout the country had effectively been won.

● The NUT rejected Left-wing attempts to ban all teaching in over-sized classes from September 1978.

By an overwhelming majority the 2,000 delegates approved an executive policy memorandum on

steps to its campaign against educational cuts, teacher unemployment and oversized classes.

● There was evidence that "well-organised groups of political agitators" were infiltrating upper forms in schools and using less bright pupils as potential "bully boys," claimed Mr. Stan Jones, president of the 100,000-strong National Association of Schoolmasters-Union of Women Teachers, at its conference at Harrogate.

"Whether these cadres come from the extreme Right or the extreme Left, our schools must demonstrate that their doctrines are essentially evil."

"Perhaps we must find time in a crowded curriculum to show that the politics of a Parliamentary democracy, although appearing a little dull when compared with the marches and political punch-ups, really are the best way we can arrange our civic affairs."

### Banks inquiry chairman named

BY NICK GARNETT, LABOUR STAFF

DR. TOM JOHNSTON, chairman of the Scottish Manpower Services Committee, is to be the chairman of the inquiry into staff representation within the London clearing banks.

Dr. Johnston, a former professor and head of the economics department at Heriot-Watt University, has been agreed as chairman by employers, staff associations and the National Union of Bank Employees. Bank staff are being notified of the decision today.

The inquiry, precipitated by the withdrawal of the union from national negotiating machinery as part of its feud with the staff associations, will investigate staff representation and negotiating procedures at the five major London clearing banks.

The three sides are due to meet next month to establish procedures for the inquiry which, it is hoped, will follow almost immediately. It will make recommendations designed to put staff representation on a stable footing.

The union said yesterday that it wants National Westminster to close the recently opened bureau de change in its Shaftesbury Avenue branch. The union believes that

bureaux de change in the clearing banks could be used as a back-door method to bring in longer general bank hours including Saturday opening. The bank's staff association has agreed to the opening of the bureau.

### Labour MPs to protest over Lucas closure

BY PHILIP BASSETT, LABOUR STAFF

MR. MAX MADDEN, chairman of the Labour Party Employment Group, who is to lead a delegation of Labour MPs to protest about redundancies in Lucas Aerospace said yesterday there was an urgent need to consider an alternative plan for the company.

Two weeks ago Lucas announced its Liverpool aerospace factory was to be closed with the loss of 1,450 jobs. A further cut of 200 Lucas jobs in Liverpool was announced the day after.

Mr. Madden, MP for Sowerby, will lead a deputation of 40 Labour MPs next Tuesday to meet Mr. Albert Booth, Employment Secretary, and Ministers from the Department of Industry to protest about the cuts.

He said yesterday that the alternative products which Lucas workers had been developing within the company offered the

prospect of maintaining or even expanding employment.

He said there was great scope for the alternative products, which include new heating systems and a kidney machine. Growing interest was being shown overseas, but it was essential that they should be developed here rather than abroad. It would be a crime, he said, if they were neglected in Britain.

Lucas again rejected the alternative proposals last week after shop stewards decided to block the movement of equipment and information from one plant to another to stop the Merseyside closure.

Shipyard men discuss fall in output

SHIPYARD workers on Wearside held two mass meetings yesterday to discuss production problems threatening the Sunderland yard of Austin and Pickersgill.

These were followed by talks involving the company and officials of the Boilermakers' Amalgamation and the General and Municipal Workers Union.

The meetings, for which the 2,000 men were paid, follow inter-union disputes which, the company says, have caused a substantial drop in production since July.

Earlier this month, Mr. Derek Kimber, chief executive, said the yard, which has won the Queen's Award in Industry three times, had lost three lucrative contracts and was fighting to save more orders.

### Solar heated flats scheme

THE SUN'S rays will be used to heat 28 flats to be built by Lew-sham Council, south-east London. Single glazed steel panels fitted with water in the roof will act as a weathering component to provide solar heated water.

The 24 one-bedroom flats and five two-bedroom flats, mainly for elderly people, will be near Brownhill Road, Catford. The first phase will use solar energy to provide heating and some hot water to ten flats so that the amount of fuel needed can be gauged.

### U.S. visit

Mr. Patrick Duffy, Under-Secretary of State for Defence for the Navy, is visiting the U.S. on April 5, as the guest of Mr. Graham Clayton, Secretary of the U.S. Navy.

### IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of

PENN CENTRAL TRANSPORTATION COMPANY

THE UNITED NEW JERSEY RAILROAD & CANAL COMPANY  
BEECH CREEK RAILROAD COMPANY  
THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY  
THE CLEVELAND AND PITTSBURGH RAILROAD COMPANY  
THE CONNECTING RAILWAY COMPANY  
THE DELAWARE RAILROAD COMPANY  
ERIE AND PITTSBURGH RAILROAD COMPANY  
THE MICHIGAN CENTRAL RAILROAD COMPANY  
THE NORTHERN CENTRAL RAILWAY COMPANY  
PENNDL COMPANY  
THE PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY  
THE PHILADELPHIA AND TRENTON RAILROAD COMPANY  
THE PITTSBURGH, YOUNGSTOWN & ASHTABULA RAILWAY COMPANY  
PITTSBURGH, FORT WAYNE & CHICAGO RAILWAY COMPANY  
UNION RAILROAD COMPANY OF BALTIMORE,

In Proceedings for the Reorganization of a Railroad

Debtor: No. 70-347

No. 70-347-A

No. 70-347-B

No. 70-347-C

No. 70-347-D

No. 70-347-E

No. 70-347-F

No. 70-347-G

No. 70-347-H

No. 70-347-I

No. 70-347-J

No. 70-347-K

No. 70-347-L

No. 70-347-M

No. 70-347-N

No. 70-347-O

Secondary Debtors:

### NOTICE OF APPROVAL OF PLAN OF REORGANIZATION

Penn Central Transportation Company (PCTC) and the Secondary Debtors listed above are currently in reorganization under Section 77 of the Bankruptcy Act in proceedings before the United States District Court for the Eastern District of Pennsylvania (Reorganization Court). On December 17, 1976, the Trustees of PCTC filed a proposed plan of reorganization for PCTC and separate plans for each of the Secondary Debtors. (All of these plans will be referred to in this Notice as the "Plan").

The Plan has been approved by the Reorganization Court as of March 17, 1978. Before the Plan can be put into effect, however, certain further events must take place. The first such event is the submission of the Plan to creditors and stockholders affected by the Plan. The Reorganization Court has fixed May 12, 1978, as the date by which creditors and stockholders may vote to accept or reject the Plan and has directed that ballots and materials necessary to permit interested persons to vote be mailed promptly.

### TO BEARER OR NON-REGISTERED BONDHOLDERS

A large number of bonds issued by PCTC and the Secondary Debtors, or their predecessors, are in bearer or non-registered form. The identities of many of the holders of these bonds are unknown. A list of such bonds is set forth below. If you are a holder of any such bearer or non-registered bond as of the close of business on March 17, 1978, you are entitled to vote to accept or reject the Plan. All ballots must be mailed to United States Trust Company of New York on or before May 12, 1978 to be valid. In order to receive your ballot and to have an opportunity to return the ballot by May 12, 1978, you should, as promptly as possible, send your name, address, and the name, interest rate and maturity date of the bond(s), or fill out the form provided below, and send it to United States Trust Company of New York at U.S. Trust London Ltd., One Moorgate, London EC2R 6JH England, or U.S. Trust Paris, 23 Rue Cambon, 75001 Paris, France, or Financiere U.S.T., S.A., 7 Avenue Krieg, 1208 Geneva, Switzerland. So that you will have adequate time to review the voting materials and return your ballot(s), it is suggested that you make your request no later than two weeks after the publication of this notice. If you supplied such information to the Trustees of PCTC in 1977, you need not provide such information at this time.

### BONDS ENTITLED TO VOTE

Boston & Albany Railroad Company 4 1/2% Improvement Bonds	Cleveland & Pittsburgh Railroad Company 3 1/2% Series C General & Refunding Mortgage Bonds
Carthage & Adirondack Railway Company 4% First Mortgage Bonds	Cleveland, Cincinnati, Chicago & St. Louis Railway Company 4% Series A General Mortgage Bonds
Kanawha & Michigan Railway Company 4% First Mortgage Bonds	Cleveland, Cincinnati, Chicago & St. Louis Railway Company 5% Series B General Mortgage Bonds
Lake Shore and Michigan Southern Railway Company 3 1/2% Gold Mortgage Bonds	Cleveland, Cincinnati, Chicago & St. Louis Railway Company 4 1/2% Series E Refunding & Improvement Mortgage Bonds
Mohawk & Malone Railway Company 4% First Mortgage Bonds	Cleveland, Cincinnati, Chicago & St. Louis Railway Company 4% St. Louis Division First Collateral Trust Bonds
Mohawk & Malone Railway Company 3 1/2% Consolidated Mortgage Bonds	Cleveland, Cincinnati, Chicago & St. Louis Railway Company 4% Cincinnati, Wabash & Michigan Division Mortgage Bonds
New Jersey Junction Railroad Company 4% First Mortgage Bonds	Connecting Railway Company 3 1/2% Series A First Mortgage Bonds
New York & Putnam Railroad Company 4% First Mortgage Bonds	Pennsylvania, Ohio and Detroit Railroad Company 2 1/2% Series E First Refunding Mortgage Bonds
New York Central & Hudson River Railroad Company 4% Series A Consolidation Mortgage Bonds	Northern Central Railway Company 5% Series A General & Refunding Mortgage Bonds
New York Central & Hudson River Railroad Company 3 1/2% Lake Shore Collateral Bonds	Northern Central Railway Company 4 1/2% Series A General & Refunding Mortgage Bonds
New York Central & Hudson River Railroad Company 3 1/2% Michigan Central Collateral Bonds	Northern Central Railway Company 6% First Mortgage Bonds
New York Central & Hudson River Railroad Company 3 1/2% Gold Bonds	Pittsburgh, Youngstown & Ashtabula Railway Company 4 1/2% Series D First General Mortgage Bonds
New York Central & Hudson River Railroad Company 4 1/2% Series A Refunding & Improvement Mortgage Bonds	Pittsburgh, Youngstown & Ashtabula Railway Company 5% Series C First General Mortgage Bonds
New York Central & Hudson River Railroad Company 5% Series C Refunding & Improvement Mortgage Bonds	Philadelphia, Baltimore & Washington Railroad Company 4 1/2% Series C General Mortgage Bonds
New York, New Haven & Hartford Railroad Company 4 1/2% Harlem River Division First Mortgage Bonds	Philadelphia, Baltimore & Washington Railroad Company 3% Series E General Mortgage Bonds
Pennsylvania Railroad Company 4 1/2% Series D General Mortgage Bonds	Philadelphia, Baltimore & Washington Railroad Company 3 1/2% Series F General Mortgage Bonds
Pennsylvania Railroad Company 4 1/2% Series E General Mortgage Bonds	Philadelphia, Baltimore & Washington Railroad Company 5% Series B General Mortgage Bonds
Pennsylvania Railroad Company 3 1/2% Series F General Mortgage Bonds	Pittsburgh, Cincinnati, Chicago & St. Louis R.R. Co. 5% Series A General Mortgage Bonds
Pennsylvania Railroad Company 3% Series G General Mortgage Bonds	Pittsburgh, Cincinnati, Chicago & St. Louis R.R. Co. 5% Series B General Mortgage Bonds
West Shore Railroad Company 4% First Mortgage Bonds	Pittsburgh, Cincinnati, Chicago & St. Louis R.R. Co. 3 1/2% Series E General Mortgage Bonds
New York Central Railroad Company 5% Notes due 1974	United New Jersey Railroad & Canal Company 2 1/2% General Mortgage Bonds
New York Central Railroad Company 5 1/2% Collateral Trust Bonds due 1980	United New Jersey Railroad & Canal Company 4 1/2% General Mortgage Bonds due 1973
New York Central Railroad Company 5 1/2% Collateral Trust Bonds due 1980	United New Jersey Railroad & Canal Company 4 1/2% General Mortgage Bonds due 1979
New York Central Railroad Company 6% Collateral Trust Bonds due 1980	United New Jersey Railroad & Canal Company 5% General Mortgage Bonds
New York Central Railroad Company 6% Collateral Trust Bonds due 1990	New York Bay Railroad Company 3 1/2% Series A First Mortgage Bonds
Penn Central Company 5 1/2% Collateral Trust Bonds due 1993	

### TO BROKERS OR NOMINEES

If you are a broker or nominee holding any bonds of PCTC or any of the Secondary Debtors listed above or stock of any of the Secondary Debtors listed below and if you have not recently advised the Trustees of PCTC of the number of beneficial owners you represent, you should advise United States Trust Company of New York on or before April 7, 1978, of the number of beneficial owners for whom you hold such bonds or stock.

### STOCK OF SECONDARY DEBTORS ENTITLED TO VOTE

Beech Creek Railroad Company common, preferred	The Philadelphia and Trenton Rail Road Company common
Cleveland, Cincinnati, Chicago & St. Louis Railway Company guaranteed 7% special guaranteed betterment 4%	Pittsburgh, Fort Wayne & Chicago Railway Company preferred common original guaranteed 7% guaranteed special 7%
The Delaware Railroad Company common	Pittsburgh, Youngstown and Ashtabula Railway Company preferred
Erie and Pittsburgh Railroad Company 7%	The United New Jersey Railroad and Canal Company common
The Northern Central Railway Company common	

### TO STOCKHOLDERS OF PENN CENTRAL COMPANY

Stockholders of Penn Central Company are not entitled to vote on the Plan. For information with respect to the Plan and its approval by the Reorganization Court, it is suggested that you consult your broker.

### TO REGISTERED SECURITY HOLDERS AND OTHER CREDITORS

If you are a registered holder (other than a broker or nominee) of bonds of PCTC or any of the Secondary Debtors or if you are a general creditor or stockholder, you are not required to complete and mail the form below.

Robert W. Blanchette, Richard C. Bond, John H. McArthur, Trustees of the Property of Penn Central Transportation Company, Debtor

Form to Request Ballot

U.S. Trust London Ltd. or U.S. Trust Paris or Financiere U.S.T., S.A.  
One Moorgate, London EC2R 6JH, England or 23 Rue Cambon, 75001 Paris, France or 7 Avenue Krieg, 1208 Geneva, Switzerland  
Please send ballot(s) and voting materials for the Plan of Reorganization for Penn Central Transportation Company, Debtor, or any Secondary Debtor, to:

Name \_\_\_\_\_ (Please Print)  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Name of Bond	Interest Rate	Maturity Date

(Use extra sheets if necessary)

This advertisement appears as a matter of record only.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### Thorough clean for rusty steel

STEEL, even when dry-blasted to a visually clean surface, continues to harbour highly damaging soluble salts. These have the effect that paint applied to the metal merely hides, for a time, the process of rusting which continues under the surface.

A development by Kue Engineering of Canal Road, Bradford—System 918—overcomes this problem and provides a true white-metal finish which will hold for 18 to 24 hours even in a marine atmosphere. This produces an ideal base for painting, and the equipment is being used for cleaning and removal of paint and rust from ships, storage tanks, bridges and other steel structures.

Rapid development of a self-controlled trailer-mounted unit was made possible through a joint venture agreement between the National Research Development Corporation (NRDC) and Kue Engineering. In this particular case NRDC supplied two-thirds of the development costs and has also provided working capital which has enabled Kue to manufacture System 918 units against orders. The method is based on the application of a controlled mixture of air, sand and water at low pressure. It is not only very effective but easy and clean to use, giving a better environment for operators and site workers. The water supply contains an inhibitor additive.

By the use of controlled variable pressures, the system can be used to remove top coats of paint only or all layers down to bare metal. It is possible to feather the edges of successive coatings to give a smooth transition from top coat to bare metal—especially useful when dealing with isolated patches of corrosion. Particular interest in the system has been shown by the gas and oil companies. Due to the extremely low pressure employed, spark danger is kept to an absolute minimum. National Research Development Corporation, Kinross House, 68 Victoria Street, London SW1E 6SL. 01-828 3400.

### Squeezing metal into shape

ROCKWELL International's Los Angeles Division has received a \$6m contract to build a test aircraft structure using an advanced manufacturing process developed by the company. The contract with the Air Force Flight Dynamics Laboratory at Wright-Patterson is for the built-up low-cost advanced titanium structure (BLATS) programme which will utilise

together two Rockwell-developed processes—diffusion bonding and superplastic forming—in the design, fabrication and testing of a 1,000-pound section of fuselage that could be used on an advanced fighter of the future.

BLATS calls for Rockwell to build a complex structure representing the centre fuselage section where the wings attach and a portion of the aft fuselage where the engines would be mounted. The approximate size will be eight feet by ten feet by three feet.

The goal of the programme is to show a cost reduction of 50 per cent and a weight saving of 50 per cent in comparison to conventional titanium fabrication methods.

Rockwell engineers believe that superplastic forming with concurrent diffusion bonding of titanium aircraft structure is the biggest breakthrough in advanced metals fabrication this decade because it can lead, depending on the type of structure, to cost savings of from 50 to 70 per cent, and weight savings of from 30 to 50 per cent, compared with the conventional methods now used to build titanium parts.

Superplastic forming and diffusion bonding can be accomplished under the same temperature and pressure conditions which makes it possible to stretch-form and join pieces of titanium in a single cost and weight saving operation, enabling engineers to design far more efficient aircraft structure which can be produced at less cost for the advanced aircraft of the 1980s and beyond.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

## COMMUNICATIONS

### Marconi's new market

WITH AN eye on the world-wide telecommunications test equipment market estimated to lie between £350m and £500m, per annum, Marconi Instruments has invested £800,000 in the development of a selective level measuring set.

A secondary reason for the venture is believed to be the increasing inroads into this market made by Siemens and Wandel & Goltermann, particularly in the UK.

Marconi estimates the world market for these sets, extensively used by PTT authorities to test bulk telephone transmission paths, to be worth about £25m, and the UEC company aims to capture half of it.

The equipment is in two cabinets—the TF2356 level oscillator, which is used to send carefully calibrated signals into the line, and the TF2357, essentially a calibrated receiver used to determine what emerges from the other end. Both employ frequency synthesis giving 5 Hz resolution and both are microprocessor-controlled to give enhanced versatility.

The oscillator is tuned by keying in the frequency on a numerical keypad, but a conventional rotary control can be used where an analogue "feel" is needed.

Of particular interest is the incremental facility: once a start frequency and the desired increment are keyed in, single button depression will increase or reduce the frequency so that the user can, for example, step through a trunk line baseband without frequency resetting. The rotary knob produces 5 Hz steps or, by spinning the control a motor is coupled, giving the effect of a flywheel. Level is set on the sender on the keyboard, with 1dB resolution. Frequency

is displayed on a seven digit panel, level on a separate three digit display.

The selective level meter is tuned in the same way as the sender and covers the same frequencies, 6 kHz to 20 MHz. It measures true rms values accurately from -121 dBm to -26 dBm, shown on a three digit display, to one dB; fractions of a dB appear on an analogue meter.

When circumstances allow the connection of sender and receiver via a pre-programmed bus control option, simple data entry on the sender keyboard allows control of both units; for example, frequency incrementing on the sender will give rise to the same, or a derived incrementing on the receiver.

More from the company at St. Albans, Hertfordshire AL4 0JN (0727 59292).

### Advance in cable

SINGLE FIBRE optical cable produced by Alan Cook and John Irvan, two engineers from Standard Telecommunication Laboratories (STL), gives an attenuation of 2.5db at 0.87 micrometre over 1 km. The information capacity is over 40 gigabits per second.

At longer wavelengths the material dispersion decreases, passing through zero at about 1.27 micrometre. The waveguide dispersion then imposes a limit of approximately 400 Gbit/s by selection of an intermediate wavelength. These two dispersions can be balanced and the performance improved even further so that at 1.1 micrometre

the attenuation falls to 1.7db/km.

Cables of this type have a breaking load greater than 100 kg for a diameter of just over 2 mm, which enables installation to be carried out in lengths of several kilometres. In this small size the cable has a greater potential capacity than any other signal guiding medium, the developers assert.

STL is at London Road, Harlow, Essex. 0278 29631.

### Interference finder

MAJOR ADVANCES in tracing and measuring radio frequency interference, previously carried out with extremely expensive imported equipment, have been announced by Decca Communications.

The company has introduced a new hand-portable RF interference tracing and measuring receiver, the DRX 3002, which operates within the range 125 KHz to 32.2 MHz. The equipment is being manufactured under licence from the British Post Office to a Home Office specification and incorporates characteristics which permit the accurate measurement of impulse interference and field strength.

In addition to normal ac mains operation, the receiver is supplied with a self-contained battery pack, making it ideal for field use in many types of industrial environment. Audio output to an internal speaker with optional headset facility is provided and the receiver comes complete with two serial systems, one of which can determine the general direction of the interference signal.

The equipment conforms to British Standard 737 and new EEC/CISPR Publication Standards and meets Home Office specification DRT1010B.

Decca Communications, Crampsons Road, Sevenoaks, Kent TN14 5EA. 0782 50911.

## COMPUTING

### Machine for the smaller business

USE OF computers is moving further down the company scale. Now a 30-employee company, Small Plastic Parts, of Telford Shropshire, which manufactures plastic components, such as seals and pipe fittings for industrial and agricultural machinery, has ordered a System Ten computer from ICL for production scheduling and control.

The System Ten comprises 20,000 characters of core store, 8m characters of disc storage, one line printer and a video terminal. It will shortly be installed in the managing director's office at Small Plastic Parts premises. In the meantime, the company has been making use of facilities provided by ICL at its customer centre in Birmingham to learn to operate a System Ten computer and set up details of its 500 or so different products on computer files.

Small Plastic Parts will use the SAFES computer system for its production control work. When operational, details of customers' orders and delivery dates will be fed into the computer via the video terminal and the files will be automatically updated. The system determines material requirements, produces purchase orders on suppliers and

provides a schedule of work for each machine in the factory. It can also be interrogated to determine stock levels and delivery positions at any instant.

### Voice input of data

NIPPON Electric Co. (NEC) has announced in Tokyo that it has developed an advanced version of a voice data input terminal, which allows information to be fed into a computer through a microphone, instead of a keyboard.

This development could spell sharp competition for EIT and its U.S. partner in the voice recognition computer development known as the Threshold equipment.

The system, named DP-100, identifies up to 120 spoken words, and will be offered in both domestic and overseas markets from September this year.

NEC expects to be able to sell about 300 sets in the next three years.

## PROCESSES

### Blind holes cleared

PARTICULARLY effective in the automatic cleaning of components with deep blind holes, such as pneumatic valve bodies, is an industrial washer unit redesigned specifically for the needs of all manufacturers of small metal components.

Components may range in size from 8BA screws of varying lengths to any metal component which can be contained in a tote pan and which fit the 450mm by 450mm by 300mm (18 inches by 18 inches by 8 inches) mouth of the machine—for instance a small gearbox casing.

Use of aqueous detergents, instead of conventional cleaning and degreasing chemicals, creates a safer working environment and eliminates many of the problems caused by recent Health and Safety at Work legislation.

Components are delivered into their conventional non-perforated

tote pans directly from the machine tool. These tote pans then pass along a feed-in roller conveyor and are fed into the washing station of the machine by an automatic indexing system.

A head is clamped to the tote pan as it enters the machine, and the pan is then rotated at a preselected speed about a horizontal axis. High pressure jets of hot filtered detergent thoroughly cleanse both pan and contents while dirt, swarf and other foreign matter are allowed to escape.

On completion of the predetermined washing cycle, the tote pan is automatically transferred to the rinse or second wash station, while simultaneously the next tote pan enters the wash station.

Sturtevant Engineering Products, Acers Street, Donnington, Manchester. 061 336 3865.

### Welds most plastics

MACHINERY division of Cole Electronics, an R. H. Cole Group company, is marketing the Telsonic USP-1 ultrasonic welding system which can solve most welding, riveting and inserting problems involving thermoplastic materials.

The equipment is built up from an ultrasonic generator; a timer and machine control system; transducer acoustic transformer; metal parts; riveting plastic horn; and pneumatic press.

Five solid-state standard generators with output power ranging from 700 to 2000W are available to suit specific requirements. These are constant current sources with an automatic frequency control system.

Clamping area is 375 x 355 mm and throat depth 230 mm.

In general the welding period is 0.1 to 2 seconds. The machine requires an air supply of 6 to 10 bar (85 to 140 psi) and the horn contact is 0 to 2450 N with a 0 to 10 bar air supply.

The Telsonic is ideal for inserting metal parts in plastics eliminating expensive injection moulding around positioned metal parts; riveting plastic to plastic or plastic to metal; spot welding plastic parts; and cutting injection moulded parts from their gate trees.

Cole Electronics, 56 Church Road, Craydon CRO 15G. 01-836 7381.

### Embossor works fast

AUTOMATIC equipment for embossing and encoding plastics cards, such as for credit and identification cards, name badges and security passes, has been introduced to Europe by Jacquard Systems.

The E-150 system is modular, enabling users to have a self-contained unit with keyboard or magnetic tape input; or to use it as an on-line terminal to a computer. The self-contained unit will emboss up to 300 cards per hour. On-line it is capable of high embossing, tipping and mag-

netically encoding up to 3,000 cards per hour.

E-150 on-line to a Jacquard J100 video-computer gives the user the ability to handle embossing, data and word processing functions on the same machine. It is desk-top size, measuring 13 1/2 in. high 14 in. long and 23 1/2 in. wide. An optional keyboard with a 40-character display is connected by cable to the embosser system.

Jacquard Systems operates from Bridge Street, High Wycombe, Bucks HP11 2EL. High embossing, tipping and mag-

## OFFSHORE INDUSTRIES

### Taking the plunge

PLANS ARE to go ahead for the marketing by Vickers-Slingsby of an advanced submersible craft worldwide.

These submersibles, which have plastic pressure hulls made from Celohane glass-reinforced polyester resin, supplied by BP Chemicals, cost £1m each and were developed by the company for use in the North Sea by Vickers Oceanics. They will become available from August onwards.

LR2 was the world's first grp submersible and it was followed by the larger LR3 and LR4 craft, the latter with a diver entrance and exit facility.

Construction of LR5, last in the current series, will shortly begin and it is intended also for Vickers Oceanics at Leith. Thereafter, the facility will be available for construction of these versatile craft for other operators.

The North Sea market is put at about one of the submersibles annually, but there are many other areas of the world where they could be applied with success to underwater mineral and petroleum searches.

The plastics material used in the production of all the Vickers-Slingsby submersibles to date is BP's isophthalic resin known under the designation A2755C.

In the meantime, grp buoyancy tanks made by Hippo

Chemplant of Horbury Bridge, Wakefield, are being used on the Vickers Seacat remote-controlled underwater cable and pipe burying submersible developed by Vickers Oceanics.

Tanks supplied by Hippo have been tested to 250 psi and used at depths down to 600 feet. At the moment, the company is testing to 600 psi for depths down to 1,000 feet.

Potential competition on the submersible front is offered by Kockums of Malmö, Sweden, which is building a military submarine rescue vessel able to operate down to 800 feet.

Kockums is working jointly with Comex of Marseilles on the project and has made it known that commercial versions of the URV vessels are under consideration.

The submarine will have a composite hull made from a composite supplied by Dabob International and assembled as a homogeneous AP laminate and glass-fibre reinforced polyester.

The vessel will be designed to go down to a submergence which is in difficulty and lock up in the submarine escape hatch so that the crew can move into the don escape equipment.

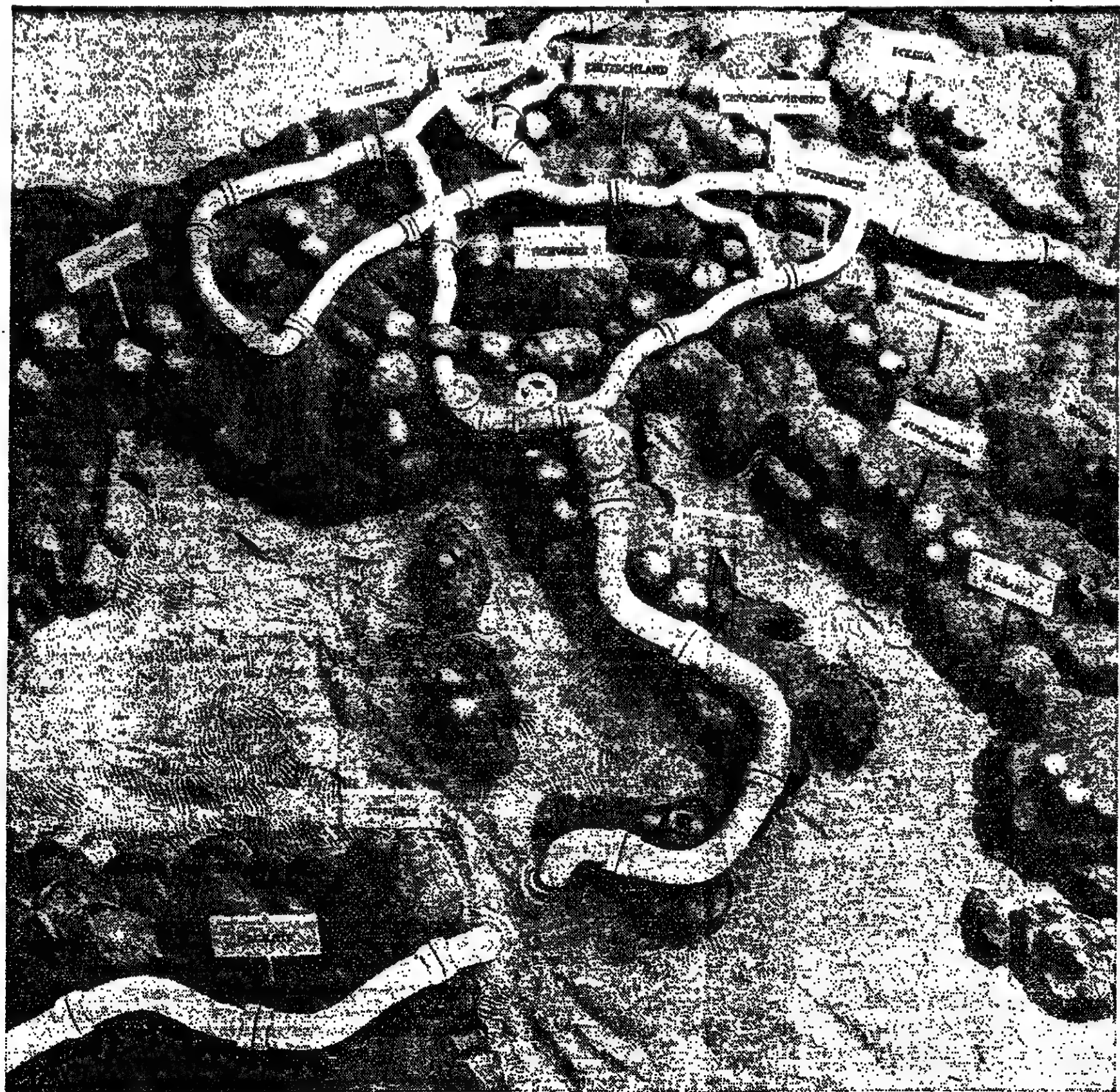
Commercial versions would have a maximum diving depth of about 1,200 feet and a working depth of 900 feet. The load capacity would be three tonnes.

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# Natural gas soon to link two continents



SNAM is about to build a 2,500-kilometre intercontinental gasline, from Africa to Europe through the Mediterranean Sea.

This highly technological work represents an important step in the energy transportation field and a new main-line in the European gasline network.

The Snam contract with Sonatrach (Algeria) will ensure an annual importation to Italy of 12 billion cubic metres of natural gas from Algeria, for a period of 25 years.

The gasline will cross Algeria, Tunisia, the Sicily Channel, Sicily, the Straits of Messina and continental Italy up to Minerbio (Bologna).

A first gasline has been laid down through the Straits of Messina while deep water laying trials in the Sicily Channel have already been successfully concluded.

This project implies a large financial and technical effort and requires more laying of long underwater stretches.

The achievement of this project will actuate a strong economical exchange with Algeria, with consequent advantages for both countries.

SNAM has already linked Italy to Holland and the USSR with two gaslines, and imports LNG from Libya.

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SNAM is presently working with other European natural gas companies to ensure new precious and clean energy to towns and industries.



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مكازم الأنجل



# The Management Page

EDITED BY CHRISTOPHER LORENZ

## Where small means successful

While the politicians argue about the problems facing small firms, a new ICFC survey paints a surprisingly rosy picture. By Nicholas Leslie

**TOP BUSINESSMEN** and politicians are now jostling to broadcast their concern about the unfavourable climate for small and medium-sized businesses. But the Industrial and Commercial Finance Corporation is about to publish evidence which suggests that companies like these it has backed have been doing rather well in recent years.

Many have strengthened their balance sheets considerably: pre-tax profits as a percentage of total income have generally improved significantly; and some large increases in growth of total net assets have been achieved, says ICFC. It also shows in a new Small Firm Survey—its first since 1972—that improvements have been registered in a whole variety of different areas, in some cases outstripping, in percentage terms, gains achieved by publicly quoted companies.

However, ICFC also acknowledges the limitations of its survey for purposes of comparison largely because of the dearth of published information on small and medium-sized companies generally, and it claims only to point to trends rather than to developments based on a wealth of statistical fact.

It is also probably true that the companies in its survey—there are 538, about one-third of the total number of ICFC's

investments—are anyway among the best performers in its portfolio. This is partly because those are the companies which have sufficient information available—on balance sheets and profit and loss accounts—to qualify for inclusion in the survey, in contrast to others which were weeded out for lack of available detail.

At the same time, most of the data was collected in the summer of 1976, which means that only broad indications can be given of the current situation in the companies concerned. Nonetheless, the survey covers a nine-year period to 1973-74, an analysis was made of 3,900 balance sheets and summarised trading accounts, some significant findings have therefore been produced.

Debtors and prepayments of 557 companies within the sample, as a percentage of total net assets, declined from an average of 63.2 per cent to 60.4 per cent, since the previous survey, in 1972. In contrast, the experience of a selection of larger publicly quoted companies—according to Business Monitor M3, Business Finance—was a rise from 38.5 per cent to 40.7 per cent. No such comparisons can be made with small

to medium-sized private companies not backed by ICFC because insufficient data is available.

The publicly-quoted concerns make a better showing than ICFC's companies with pre-tax profits as a percentage of total income, but the gap is narrowing. The percentage for ICFC companies in 1969-70, according to the previous survey, was 55.7 per cent, compared with 64.5 per cent for the quoted companies. By 1973-74, however, the comparison was 64.3 per cent and 68.4 per cent, respectively.

Trade credit—traditionally a much more important factor in the financing of small and medium-sized business than large ones—has, surprisingly in view of economic conditions, become slightly less significant. Representing nearly 60 per cent

of total assets at the time of the previous survey, the latest figure for such credit is 53.3 per cent. Quoted companies, on the other hand, have become more reliant on trade credit—it accounted for 43 per cent of total assets according to the latest figures compared with 32.2 per cent, previously.

A much greater proportion of profits is being retained by both ICFC-backed and quoted companies after tax and dividend payments, though the proportion for the former remains greater. The level was 28.1 per cent in 1973-74 for the ICFC companies, nearly double the previous level of 14.5 per cent, while levels for quoted companies were 21.1 per cent and 10.7 per cent, respectively.

The characteristics of the balance sheet structure of the ICFC sample are "largely what

might be expected of the smaller firm," says the survey. The proportion of long-term fixed interest borrowing continued to fall in the case of ICFC companies, while for quoted companies it remained reasonably stable. But if the heavier proportion of bank borrowings by ICFC companies is taken into account they are more highly geared than are quoted companies.

More than 60 per cent of companies in its sample are in manufacturing industries, thus placing emphasis on engineering sectors. Those in the distribution and services category accounted for more than one-quarter.

Finance from ICFC tends to be needed by customers for capital investment, generally on fixed assets but sometimes for acquisition purposes; for work-

ing capital for expansion; and for a small proportion, to fund "hard core" bank overdrafts, or to help existing shareholders to retain control of their company, or for financial re-organisation.

The 557 companies included in the sample, compared with the quoted companies, received about £43.4m. of ICFC finance in the nine years to 1973-74—in this period the total advanced by ICFC by way of loans and share subscriptions was around £221m. Total initial finance received by ICFC companies, at various points was £24.2m, an average of £43,500 per company. More than half of the companies had net assets of less than £250,000 at the time of ICFC's initial investment.

A breakdown in the growth of total net assets shows some striking contrasts. In the 557-company sample (these had been studied over a four-year period) the growth rate in the three-year period to 1973-74 was 73.5 per cent for the upper quartile, 40.3 per cent for the median and only 15.9 per cent for the lower quartile. But for a 172-company sample (of ICFC's older investments and where information was available for a nine-year period), the upper

quartile growth rate in the three-year period was 151.7 per cent, the median 90.4 per cent and the lower quartile 36 per cent. In determining the growth changes between fixed and other assets, any other revaluations have not been taken into account.

To highlight the profits growth of ICFC-backed companies, the survey made comparisons with companies in the manufacturing, distribution and construction industries, for which national estimates are available in the Annual Abstract of Statistics. Companies in these categories, in the period 1965-66 to 1973-74 recorded a growth rate of 83 per cent, while ICFC companies achieved a substantially higher growth of 150 per cent.

Assessments of profitability ratios have been made on a very broad basis, simply because there was so little data available. For example, there was no information on costs or value added, nor was it possible to distinguish between trading, or operating profit and other income. Then there were difficulties arising from methods of valuing assets and of calculating depreciation and treatment of bank borrowing.

Year-by-year profitability, and turnover ratios are given, but as the report itself points out, annual fluctuations, "which reflect the vagaries of the

economic climate, are not really of such great significance in this kind of survey." However, over a ten-year period, it does emerge that net profit before interest as a percentage of total net assets plus bank borrowings has shown an upward trend, a conclusion supported by the fact that the figure was 11.3 per cent in the three years to 1969-70, rising to 15.6 per cent for the following three years to 1973-74.

In its own comment on the survey, ICFC says that some of the results must be treated with extreme caution, because of the size of the sample and the continuing lack of certain detailed information. "However, we believe that the survey does provide some useful guidance for assessing the performance of small to medium-sized companies. The growth rates depicted may encourage some smaller companies to strive to attain a higher level of efficiency and profitability."

ICFC also comments that "it seems that this particular group of small and medium sized concerns can still stand in comparison with the larger company and the majority of our sample have held their own during the difficult years of the latter part of the survey period."

*Small Firm Survey, ICFC Management Series, available free from ICFC, 91 Waterloo Road, London SE1 8XP.*

**THE RUN-UP** to the start of the new State pension scheme is effectively over. Employers opting to come out of the earnings-related part of the scheme should have completed all their consultation and documentation processes and are, no doubt, now awaiting clearance from the Occupational Pensions Board—the closing date for submitting applications to contract-out was last Thursday.

Now employers can concentrate on the administration of their schemes and on the investment of the assets. These two matters may well have been overlooked among all the problems connected with reaching a decision.

**65+**  
**PENSIONS**  
and **BENEFITS**

Investment is vitally important for pension schemes. The actuary assumes a long-term rate of return in calculating the funding rate—the percentage of payroll which the employer has to pay to secure the benefits in the scheme. If those yields are exceeded then the pension

## Putting your money to work wisely

BY ERIC SHORT

scheme will acquire a surplus which can be used to improve benefits, or to cut the cost to the employer. But if the investment performance falls short of the actuary's forecasts, the employer has to make up the difference in order to keep the fund solvent.

What choices are there for the employer in deciding how to invest the funds? He can leave it all to a life company by setting up an insured scheme where the benefits are guaranteed in money terms. Many employers use these schemes

solely so that they can pass these investments on to someone else. But especially for the very largest funds, there is ample opportunity for employers to do their own investing, in conjunction with professional advisers, either in-house or externally.

Only the very largest pension schemes can run in-house investment teams and justify the expense. For medium-sized schemes, external investment advice is necessary if you want to do it yourself, and therefore keep all the benefits arising from investment. And this is one field where the leading life companies have made rapid strides in the past few years, by means of schemes using units.

The principle is quite straightforward. The pension scheme buys units in a fund run by a financial institution, just as an individual investor buys units in a unit trust. The funds are valued periodically, usually once a month. Income accruing is usually reinvested, but with some funds it is distributed. Thus the value of the fund's assets is simply the value of the units held. The charges on the fund are fixed—both an initial percentage charge on new money invested, and an ongoing percentage charge on the value of the fund.

Some companies offer pension schemes a choice of funds in which to invest—equity, property, fixed-interest, cash and a mixture of some or all of these; others simply offer a mixed fund.

The financial institution man-

ages the investments within each fund—deciding on what assets to hold, when to buy, and when to sell, while the pension fund has to decide in which funds to invest.

This is possibly the most important decision to make. Pension funds will have a steady stream of new money awaiting investment for the next 40 years. The pension fund trustees, who are responsible for the investment, will constantly have to decide not only how to realign their portfolios, but where to invest the new money.

They have two choices. They can decide for themselves what to do, in consultation with the fund managers. Or they can give the managers complete discretion in the investment of the money, by going for the mixed fund. Some life companies take the view that all investment decisions should be left completely to the fund managers. Others offer a choice of funds to their clients, but find that 90 per cent give the managers discretion.

Legal and General Assurance (Pensions Management), the largest of the unit fund managers, reported a fortnight ago

that by the end of 1977, the equity fund amounted to £29m, and the fixed-interest fund £37.6m, while the mixed fund—which combines the two media—amounted to £400m. Most clients were quite content to leave it to Legal and General's managers.

A decision by a Board of trustees on whether to give discretion to the managers should be taken positively and not negatively thrust upon the Board because the life company does not offer any other fund. The large groups which offer such funds—Legal and General, Prudential and Standard Life—regard regular meetings with clients as essential, and want to discuss investment policy and strategy with clients. Then the trustees have the option of formulating their own strategy in conjunction with advice from the managers. The Prudential does not offer a mixed fund, so their clients have to decide on the mix for themselves.

The other life companies which offer only a mixed fund—also discuss strategy with clients. But there is not much they can do if they disagree with the fund manager's policy, except to change him.

## BUSINESS PROBLEMS BY OUR LEGAL STAFF

### Bankruptcy

Is it correct that debts of a bankrupt business are settled in the following order, Rates, Income tax, VAT, wages, holiday pay, NI contributions, unsecured creditors, capital repayment? Where do the following come in order of priority, a bank overdraft secured on a debenture of the assets, and damages awarded in relation to the supply of goods?

The first six of your heads are preferential debts and all rank in priority to unsecured creditors, but equally among each other. Heads 7 and 8 thus rank second and third respectively. Damages are an unsecured debt, even if there is a judgment for a liquidated sum. The debenture will have crystallised and the debenture-holder can exercise his remedies under the debenture or (on valuing the security) prove as an unsecured creditor.

### Council member

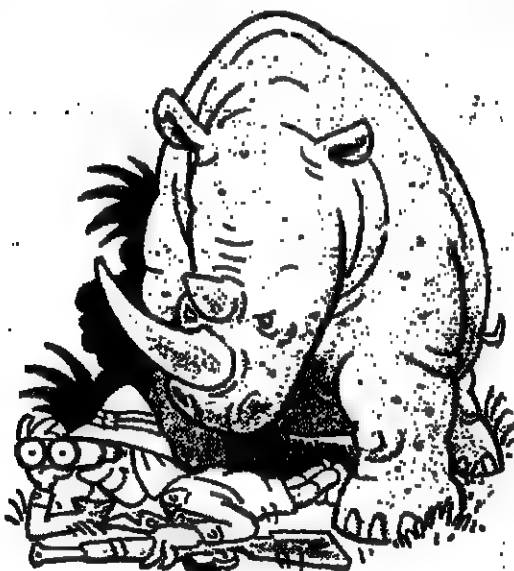
An association of which I am a member which is formed into a company has a council. One of

the articles of association of the company provides that if a member of the council fails to attend at least 50 per cent of the meetings in a year, he shall be deemed to have resigned. However, a council member who did not fulfil this requirement is still a member and the secretary tells me they propose to take no notice of the appropriate article of association. What can I do about it?

You can either raise the matter at the next annual general meeting (which is not likely to have any practical effect) or you could make an application to the Court for a declaration that the member in question is not a member of the council and for an injunction restraining him from acting or purporting to act as such. This latter course does, of course, involve the outlay of money in bringing the proceedings in the High Court.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## THE NORTHERN ROCK FILE ON DODGY RISKS No.2. Big Game Hunting



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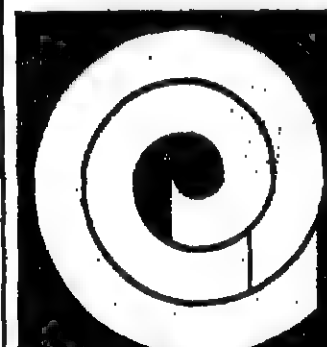
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The seminars start in London, on Wednesday April 28th at the Inn on the Park Hotel. Opening this seminar will be Mr. Edmund Dell, M.P., U.K. Secretary of State for Trade and the chair will be taken by Sir Frederick Catherwood, Chairman of the BOTB.

For details please complete the form below and return to: The Australian British Trade Association, 6th Floor, Dorland House, 18-20 Lower Regent Street, London, SW1; or telephone 01-930 2524.

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14

LOMBARD

# A chance to be efficient

BY COLIN JONES

A POINT often overlooked when the contents of next month's Budget or reforms of income tax are being discussed is the constraints imposed by the tax-gathering machine itself. As the Inland Revenue is now organised, it has no more chance of coping with a tax credit scheme or a Meade expenditure-based tax than of teaching its staff to fly. It is already having a hard enough job coping with a mini-budget every few months. Indeed, last year's changes stretched the system to its limit.

The crowding of the tax machine has many causes—the growing complexity of tax legislation, the new taxes which have been introduced, the way fiscal drags have taken more and more people across tax thresholds, the British predilection (in contrast to, say, the Americans) of pursuing equity in tax administration almost to the point of pedantry.

By far the main reason, however, is the nature of the PAYE system itself. It may bring in three-quarters of all direct taxation. But it is still a manual system, just as it was in 1944. Every item of income, every allowance, is recorded in some tax office by hand. This basically is why there are now 83,000 taxmen as against 61,000 ten years ago and 51,000 20 years ago.

It is why, unless something is done, the number will soon exceed 100,000 as Sir William Pile, the Inland Revenue chairman, warned the Public Accounts Committee last week.

**Overtaken**

The Inland Revenue did once try to do something. In the 1960s it drew up plans to base PAYE on nine large computer centres dotted round the country. But it had to stop after the first had been built at East Kilbride—where 2,500 taxmen now handle the affairs of 21m. Scots. It stopped not because it was the wrong kind of computer application (which, seen in hindsight, it was), but because the Heath Government arrived on the scene with ideas for a non-cumulative PAYE.

The Revenue is now looking at the question afresh with a view to putting a scheme to Ministers by mid-1979. Having been bitten three strands (plans for a non-cumulative PAYE were overtaken by the idea of tax credits and then, having worked out how to computerise that, the Revenue was told by the incoming Labour Government in 1974 that tax credits were out), it now wants Ministers to agree to the existing system being computerised before any structural changes are made, rather than the other way round.

THERE IS A GAP in my garden easily handled once you know it. I will give the virtues first. From between the point where an April till mid-May, the aquilegia oldish winter-flowering viburnum gives you such a pretty tuft of stops throwing out its suckers, grey-green leaves cut and every one of which would produce a new viburnum if I got round to digging it up by mid-April, and the edge of a gravel path. It is a half-shaded gap, not too dry, the sort of gap which you would not worry about when it was not in flower. You would only notice it when it was doing something interesting. It is not a place on which I intend to spend any money. It is the sort of place which all our gardens have, and as I think I have just settled its fate for about 25p I pass on the result. Now is the season to follow suit, if the idea takes your fancy.

## Three virtues

The aquilegia is a thoroughly charming plant. It is a shame that its English name, columbine, is also applied to the blue-flowered, so that it is not so familiar as more. In its tall perennial form, the aquilegia has three special virtues and one slight oddity.

# Eddery's journey to Catterick is a hint worth taking

FAT EDDERY, who achieves most of his successes in the South, opts for Catterick today in favour of Folkestone, and the hint could be worth taking.

Peter Walwyn's stable jockey (best placed at 1/3 to retain the jockey's championship) travels to the North Yorkshire track principally to partner Hedge School for Denise Smith in the feature event—the six furlongs Faverdale Handicap—a race Eddery took a year ago on Jack Hardy's Witches Broom.

## RACING

BY DOMINIC WIGAN

Although the four-year-old Hedge School will be at considerable odds, it may still represent a worthwhile bet.

A notably higher-class performer than last year's winner (again in the line-up) Hedge School, a Swinging Junior colt, is certain to take a tremendous amount of beating here if he can reproduce the form which saw him defeat Jon George by 15 lengths under top weight in a six-furlong handicap at Haydock last spring.

The winner of a poorly contested event over the minimum

April. Like the leaves on the aquilegia they tend to be neglected only because nobody points out often enough that they are as bright as a daffodil.

The aquilegia's second virtue is the exceptional range of colour in its five-petaled flowers. You are familiar, no doubt, with those long spurs or points, which stand out on the best perennial strains. But the whole flower is worth

attention, not just its contrast between the spur and centre. There is a cluster of gold-yellow stamens in the centre from which emerge the lime-green stigmas. This central cluster is held together by five inner petals, or sepals, which are usually cream or yellow in colour. There are grey, purple, blue, and even red, which are so superficially bright that they are seldom examined in detail.

hybrid colours, aquilegas are good, but not excellent. Their third virtue is the ease with which their seeds germinate. They are hard, black and easily handled. From a packet you will waste very few. At this time of year they should be sown in a warm place in a seed box. When they germinate, prick them out into a tray, and then to be sown in a pot, which are so superficially bright that they are seldom examined in detail.

where he runs in the Shorncliffe Stakes.

In this event, which is confined to second season performers who before March 5, have not been placed first, second or third in any race, Hemmley, a half brother to France's leading juvenile of 1975, Manado, should win if he can get the trip.

However, with his dam Slipstream best at seven furlongs to a mile, and Derrins-Da, his sire, a mile runner, he must be advised to tread warily should ground conditions worsen.

It will be interesting to see if Under Orders can repeat his victory of a year ago—again with Carson aboard—in the Aldington Handicap.

The On Your Mark six-year-old, something of a course specialist, may go close without perhaps being quite good enough to contain last year's 11 lengths runner-up Siccassota.

**FOLKESTONE**

1.45—Helmley\*\*\*  
2.15—Siccassota  
2.45—River Malwa  
3.15—Helmley  
3.45—Helmley  
4.15—Helmley

**CATTERICK**

2.00—Loyal Myth  
2.30—Wigley Tim  
3.00—Hedge School\*\*  
3.30—Lazero!  
4.00—Fair Kitty  
4.30—Fair

**SCOTTISH**

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Television

# A very embarrassing Easter

by CHRIS DUNKLEY

What is it, I wonder every spring, that makes television choose Easter as a time to mount what looks like a farce parody of itself. For most of the year television manages a pretty equitable mixture of high, middle and lowbrow material, and a mixture moreover that covers a fair combination of subjects.

Then suddenly, round about Easter, the set is over-run by Jackie in dinner jackets or even top hats, and programmes called "specials" from departments labelled "light entertainment". These feature "international stars" who are required to sing and chat in a *lingua franca* that will allow the shows to be broadcast in not one but half a dozen countries with the result that nothing much above baby talk is even attempted.

More than at any other time of the year—Christmas—television is suddenly determined to provide "family entertainment" which apparently means circuses and singing and dancing. The odd thing is that so often when television sets out deliberately to create its own big occasions it manages somehow to mess them up.

Initially this seems surprising because television is near to its very best when communicating the really big occasion to the world: a coronation or a wedding, say. However, there are important differences between those and the entertainment specials: moonshots and coronations are organised outside the control of television, and they are transmitted live.

Television's own occasions are usually recorded, presumably following exhaustive rehearsal, and by definition they are controlled by television itself. The result, as often as not, is a stilted artificiality which is embarrassing to watch.

From time to time television even contrives to spread this embarrassment, like a layer of margarine, over other people's events. Thus BBC's coverage of the Boat Race on Saturday managed to reduce the occasion to the level of a modern soccer match. First we had the usually

admirable Frank Bough on the hard at Putney soliciting opinions on the outcome, from people who readily admitted that they knew nothing about rowing; another indication of the over-enthusiasm with which the demotic approach is nowadays used by television.

Then when Cambridge sank the commentator (Jim Ratton, one has to assume, since it certainly was not Harry Carpenter and there were only the two names billed) lost his cool completely.

"So they've gone into the dolphin-effect and Cambridge are going down!" he yelled with alarm in his voice. "There they go! They're going down! And now they're coming back! Clearly see the oarsmen calmly undoing their foot straps and behaving in a completely composed manner this last remark presumably described the commentator's own state of mind."

(In fairness it should be said that this was not the silliest remark in the programme, when Carpenter said later to the Cambridge cox "It was such a tragedy, wasn't it?" the cox replied "Well yes, up to there everything had gone entirely to plan" which can only mean "We fully intended to be two lengths behind Oxford at Barnes Bridge.")

Accidental, cringe-making absurdities of that sort are as nothing, however, compared to the deliberately manufactured variety produced by television in special programmes such as *The British Academy Awards*. There is nothing wrong with the idea of the awards; indeed when they publicise the contributions of people such as Roy Stonehouse, designer of *Hard Times*, or Norman Swallow, documentary producer, they do a particularly worthwhile job.

But the production of the awards ceremony itself (live, not recorded) is so often shamefully inept, as it was again this year. Very sensibly the credits omit any mention of the person who wrote the script for poor

Susanah York and Andrew Gardner who had to mouth such archaisms as "Presently giving his all once again, Gene Wilder..." Once, when even the audience of show business professionals could not bring themselves to laugh, Gardner said with fully justified feeling "Enough of what was supposed to be wonderful material."

Sunday's Multi-Coloured Swap Shop "Star Awards" on BBC1 were so much better organised and produced that one can only suggest giving responsibility for next year's BAFTA Awards to Swap Shop producer Rosemary Gill and her crew, and asking Noel Edmonds to front it with the same relaxation and humour that he has brought to the regular Swap Shop programmes, and to their own awards ceremony. The irony of the BAFTA Awards night is that such a debacle should have been organised to celebrate excellence in television.

Amazingly, however, it was not the most embarrassing programme of the month. That title was won hands-down by London Weekend's *Lena and Bonnie*, a programme described on the cover of TV Times as "an Easter spectacular" in which 14-year-old Opportunity Knocks discovery Lena Zavaroni and 13-year-old Opportunity Knocks discovery Bonnie Langford were teamed up for the first time.

The embarrassment flowed from the contrast between the two girls: Lena seems to have an innate and mature talent which would be fitting in a girl five years older, the tone and power of her voice recalling Helen Shapiro at a similar age, and her showbiz manner, for all its broadness of gesture, seems to come naturally to her, as it did, for instance, to Judy Garland. If Lena did not dress rather older than her years, her premature sexuality she exudes (if it is "premature" these days at 14) might seem almost worrying. Full face and three-quarter face she is remarkably pretty, too.

Bonnie is the opposite in almost all respects: she dresses

as a six-year-old, sings in the piping tones of a six-year-old, and any ability she displays seems to result not from her own talent, but from a series of well-remembered stage school lessons. Someone has told her to open her eyes wide and smile for the audience, so she does. All the time. Until the viewer's face muscles ache in sympathy.

Casting her as the sickeningly affected Violet Elizabeth Bott in *Just William* was a brilliant stroke, but putting her into a show opposite Lena Zavaroni simply showed her up for what she is.

The face of light entertainment on ITV was saved by the reappearance of Tommy Steele and a *Show* which must stand very good chance of fulfilling Thames Television's hopes of winning the Golden Rose at the Montreux Festival of light entertainment.

Much of its success can be put down to a willingness to spend money—lots of money—but even lots of money is very little use without imagination and originality, and the show does have a good deal of both. The Bayeux Tapestry sequence is a genuinely fresh concept (fresh to me, anyway) which is beautifully realised and unusually well choreographed; and where most British variety shows avoid most of the modern electronic tricks of television like the plague, *Tommy Steele And A Show* embraces and exploits them all.

It is exactly the kind of show that has been demanded so often in this column as a replacement for the old vehicles used to transport Lulu or Cilla or Max or Shirley. Perhaps Thames TV might do us the favour of directing some of their record advertising income into the production of a few more like it.

If they did they could be pretty sure of coming out top of any British variety league table, because even when the BBC made a special effort and went into co-production with four European companies to mount two *Snoutime Specials* over Easter, the results were very ordinary.

The BBC's failure to progress much beyond the music hall format for variety shows is a little surprising when one considers the way that they developed the half-hour comedy series when the need arose because of the challenge from commercial television. (*Sooty*, *Till Death*, *Dad's Army*, *Porridge* and now *Going Straight* have all been superb when at their best.)

Perhaps the main reason for heria in variety is the knowledge that millions of viewers will watch Petula Clark or Charles Aznavour and the others no matter how they are presented. "Je ne pense pas que je will have any trouble with that," said Andy Williams, announcing the "fourth edition" of his *Andy Williams Show* in English and French in the *Snoutime Specials*. It could easily be adopted as a catchphrase by most of British television's variety departments.

They should be told, however, that you jolly well ought to preface a bit more trouble if television's own "big" occasions are not to fall into total disrepute.

New York opera

# Metropolitan revivals

by ANDREW PORTER

For some time, the Met seems to have been on a Scribe kick, with *Les Vêpres siciliennes*, *Le Prophète*, and now *La Favorite* with Adrienne Lecocquer, based on a Scribe play; and now with a revival of *L'Élixir d'Amore*, which like *La sonnambula* and *Un ballo in maschera*, is based on an Italian adaptation of a Scribe libretto. The *Elisir* revival was notable above all for an exquisite Adina from Judith Blegen. For some seasons, I have found her Susanna, captivating, and her Adina is of the same level: complete characterisation, alive at every moment; true, tender, and sparkling; and beautifully sung, with the grace-notes unhesitatingly and distinctly, the words all vivid, the phrasing individual. The voice is small, but the notes are so purely and precisely formed that even in the enormous spaces of the Met every one of them tells. Her "Prendi per me sel libero" gave me a thrill of pleasure keener even than those provided by the young Scotto and the young Freni in the role.

Nemorino was José Carreras, and Londoners need no description of the charm with which he sings and acts the part. Oddly, he was awkward and ungainly in the arias "Quanto a bella" and "Una furtiva lagrima" — and everywhere else, just about ideal. (After two performances, Pavarotti took over.) Belcore and Dulcamara were veterans, Mario Sereni and Fernando Corena skilful, secure, and unexaggerated. Sarah Caldwell conducted, and apart from a sleepy moment or two (report has it that at one point she actually nodded off while the orchestra carried on) she was at once spirited and tender, which is what the opera needs.

Nathaniel Merrill's production, and Robert O'Hearn's direction, 18 years old, are a little too bright, hard, and pert, better suited to an opera buff than to this touching comedy of sentiment. Skirts are too short, heels are too high; ballet girls flounce and ballet boys prance all over the scene. But once they clear off, Blegen and Carreras reveal the heart of this affecting, real-life enactment of "la storia di Tristano."

Adrienne Lecocquer had Montserrat Caballé as her heroine, Fiorenza Cossotto as the other woman, and Carreras as Maurice de Saxe. The diva was in exquisite voice, the mezzo was at her most dominant, and the tenor looked so young and vulnerable that it was almost indecent to see these two powerful, mature women quarrelling—to the death—over him. The production in circumstances with conspicuous success. For those familiar with the Visconti/Sanjunt production and with the work — little was lost, indeed the visual effect was often very striking, but for the Prommers, some of whom were no doubt seen in Verdi's opera in the theatre for the first time, it must have been a disappointment.

The young Giovanni revival under Bonyng was weak; it seemed to be not a drama but a

concert performance in costume going on at one end of the huge theatre. But not a "concert performance" such as, at last year's Proms, provided so dramatic an account of the opera. Here, no one engaged with anyone else. Joan Sutherland, as Anna, sailed on for her final scenes in an immense, glittering dress and with a collection of tall ostrich feathers on her head; she seemed to be dressed for a drag ball rather than for Don Giovanni. The voice was rather cloudy, large but not brilliant and forward.

Julia Varady's Elvira was detailed but small-scale. John Brecknock (who sang Tamino for the company on tour last year) made his Met debut as an Ottavio with plenty of character but in ready voice; however, he did provide a model of how Mozart's music should be graded. Gabriel Bacquier was a deft Leporello. James Morris is a promising Giovanni, and his voice rang out eloquently in the final scene, but he needs dramatic and musical direction in the role. Hugueule Tourangeau, who sang Zerlina, presumably comes in the Sutherland-Bonyng package. She did not have a success. Bonyng plainly has a view of the work, as a lyrical and unemphatic drama; but his lack of force and accent seemed to me to enfeeble the piece.

Five new productions are scheduled for the 1978-79 season: Billy Budd (Richard Stilwell, Peter Peers; conductor Raymond Leppard); *The Barber of Seville* (Teresa Stratas, Gedda, Vickers as Vasek, Martti Talvela as Recal; in English, James Levine conducting); Don



José Carreras and Judith Blegen

*Pasquale* (Beverly Sills, Gedda, Bacquier; conductor Rescigno); *Don Carlos* (Scott, Horne, Luchetti, Milnes, Ghiaurov, Gobbi as the inquisitor; Levine conducting; in Italian translation); and *Der fliegende Holländer* (Carol Neblett in her Met debut, José van Dam, Peter Maag conducting). The last is a production by Fomelle, borrowed from San Francisco; all the others will be produced by John Dexter.

Covent Garden

# Il trovatore

by ELIZABETH FORBES

The seventh series of Covent Garden Proms, sponsored by the Manx Bank, opened on Monday evening with *Il trovatore*. Owing to an industrial dispute, the performance was given without scenery in front of black tabs; the singers were in full costume and some props—for instance the anvils in the gypsy encampment—were used, while the lighting was adapted to the staged production. The use for this *Trovatore* was the same as that heard at the first performance of the revival a fortnight ago. To judge by reports, the singers are mostly in better voice now than they were then, while the enthusiasm of a Proms audience is always a great stimulus to the artists concerned. Carlo Bergonzi, one of the few tenors able to sing Manrico's "Ah

si, ben mio" and his "Di quella pira" with equal facility, received tremendous ovations for both arias, thoroughly well-deserved in the former case, less fully earned in the latter. Martins Arroyo (not apparently, in the best of health) had certain technical difficulties with Leonora's music, but projected her duet with Luna excitingly. Franco Bordoni also won an ovation, for Luna's "Il balen," which he sang with sumptuous tone. Livia Burali, a passionately involved Azucena, occasionally sacrificed line to emotion. Richard Van Allan was a model Ferrando. Edward Downes, stylish Verdi conductor, judged when to pay out rope and when to haul it in with the sensitivity of a fisherman.



Lena Zavaroni and Bonnie Langford

Schauspielhaus, Zürich

# Schiller, Havel, O'Neill

by B. A. YOUNG

The playgoers of Zürich will be aware of change even before they go into the auditorium of the Schauspielhaus after its year of hibernation for the new Director, Gerhard Klingenberg from the Vienna Burgtheater, will not have his audiences summoned by bell. Instead, a brazen fanfare from Handel's *Firework Music*, triple repeated, suggests more aptly the quality of what they are about to see.

Klingenberg's first season covers Schiller, Havel, O'Neill, Frisch, Shakespeare and Kleist, besides an adaptation of Voltaire's *Candide* and, in the new workshop theatre, a piece with the almost familiar name of *Dusa*, Stasi, Lili and Fish, these being the Germanised names of Pam Goma's four young women. In the course of a week-end I was able to see three productions, for Zürich, like so many continental cities, not only has plays on Sunday, it has them twice.

As William Tell is the only hero thrown up by Swiss history, unless you count Alfred Bernhard Nobel, Schiller's melodrama is a *sine qua non*. Every-one knows that Tell shot the apple off his son's head, and the scene where he does so is the brightest in the play, even if little Walter Tell is in the wings. Tell's reason for doing this risky thing is less well-known: he was commanded to do it by the hated tyrant Gessler, Austrian governor of Schwyz and Uri. Gessler, played with subtlety by Peter Broghe, has set up a symbolic hat on a pole to represent Hapsburg authority, and little Walter treats this somite object with a lack of respect that might have put his riders to shame. He is then indiscreet enough to boast to Gessler that his Dad is so good with his crossbow that...

bridge on their way home. *William Tell* was packed with young students who listened as rapidly as a young English audience at Henry V. The political of 20th century Czechoslovakia evidently interests them less than those of 14th century Switzerland, however, for few of them came to Vaclav Havel's delightful one-act pieces *Verisimilitude* and *Audience*. (As Audience, the latter turns up now and then at six p.m. at the Lyttelton.)

The plays are implicitly rather than overtly political; they don't deal with political events but with life in a political set-up. Both deal with conflicts between apparent superiors and inferiors; in *Verisimilitude* the decent, honest Ferdinand visits some pretentious friends and is mocked for working in a brewery, in *Audience* he is in conference with the brewer himself and is mocked for adherence to such pointless figures as Kohout.

The absurd proliferation of his friends' possessions ( hilariously imagined by Rudolf Mei), and the excessive devotion of the brewer to his own keep keep the play, planned to be one of a cycle of seven, was not published during O'Neill's lifetime, and what we now have is a revised edition of the nine-hour long typescript that survived him.

Seeing a familiar play in a new language gives an opportunity to take a step back and see it anew; if Hamlet, says Eugene O'Neill, is instead of "To be, or not to be" you can't even take the rest of the

line for granted. More Sooty Monitions does indeed come out with a touch of Schizoid to it, though what it does not offer so strongly in this production is the feeling of American business expansion in the 1890s which obsesses the hero, Simon Harford.

Simon, from a smart New England family, marries Sara Melody (daughter of Con Melody in an earlier play, *A Touch of the Poet*), whom Simon's mother Deborah disparages as a common Irish serving-girl. Deborah, a delusion of grandeur; her son achieves grandeur without delusion, putting aside his intellectual projects to go into business, where he is soon rich enough to buy a railway. Deborah and Sara fight over Simon continually, but Deborah (a dignified Diana figure in Maria Becker's playing) drifts away into a dream-world in her garden pavilion, and Sara scoops up her husband's wealth with the Pinter-like scheme of acting as his mistress in the office. Christiane Hörbiger gives her an apt

hint of shrillness in the voice; perhaps this Sara is a common Irish serving-girl at heart.

Mathias Habich (William Tell on other nights) as Simon grows richer and richer without growing perceptibly wiser. Klingenberg, taking the title literally (it is a quotation from Oliver Wendell Holmes), surrounds him with increasing luxury. He designer Jörg Zimmermann, gives him first a log cabin, then the curious Gothic pavilion into which Deborah will ultimately disappear, then an austere office like a hotel room, then a luxurious suite where his clock is overhooked by a grandfather clock, then a home of marble panels and portraits in the manner of Sargent.

More subtly, the designer floods the back walls with light and the scene seems to be crisscrossed lens. As both the psychological and the commercial situations grow more unstable (and an audience of Zürich goings can hardly approve of Simon's business methods), the cracks increase, until by the end they are a great spider's web.

Purcell Room

# Praetorius Consort

by NICHOLAS KENYON

This versatile quintet of the Lord High Executioner of the music, devoted their Easter Sunday concert to another variation on that well-tried Renaissance theme, the popular tune and its ramifications, in arrangements, vocal and instrumental versions, divisions and other forms of variations through the 16th century.

The programmes hadn't arrived from the printers, so a greater load than usual on the Poob-Bah of the group, Clifford Armstrong. He doesn't direct, but he is Lord High Everything Else; he devises the programmes, sings most of the numbers in a light, pleasant tenor voice, plays several wind instruments, and introduces the items.

What we really want to hear in this repertoire is instrumental virtuosity (which is the essence of the appeal of variations), and in this context

the Lord High Executioner of the music, devoted their Easter Sunday concert to another variation on that well-tried Renaissance theme, the popular tune and its ramifications, in arrangements, vocal and instrumental versions, divisions and other forms of variations through the 16th century.

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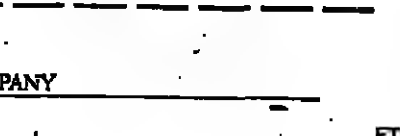
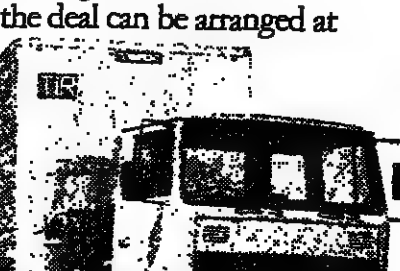
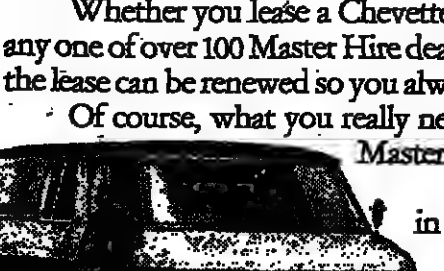
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Wednesday March 29 1978

# Another debt repayment

THE ADVANCE repayment of foreign debt announced yesterday by the Post Office is small in itself, but it forms part of a continuing policy for dealing with the heavy payments falling due over the next few years—the most striking example of which so far was the decision to advance repayment of \$1bn. to the International Monetary Fund. There is something over \$20bn. of foreign debt falling due in the period 1978-84, and it is heavily concentrated in the years 1980-82. The official aim is both to redistribute the burden by advance repayments—though the extent to which this has been done so far and is likely to be done in the future is necessarily limited—and to refinance some of the maturing debt over a longer period of time.

That this is the aim not only of the Bank of England but of the Government can be seen from the recent, somewhat vacuous White Paper on the uses to be made of North Sea oil revenue. In pursuing its more glamorous objectives, it is there stated, the Government will take account of the external debt which has been incurred in recent years. But even this grudging admission raises the issue, about which economists as well as politicians are divided, what sort of current account surplus on the balance of payments to aim at when the state of the domestic economy clearly calls for some stimulus.

## Exchange rate

There is an argument that, without intervention, North Sea oil will itself produce a lasting surplus that will keep the exchange rate so strong as to make U.K. manufacturing industry unable to compete. The White Paper did not seem to take that argument seriously, but it did suggest that the Government would do everything it could to ensure that the exchange rate left industry price-competitive. This ambiguous undertaking is likely to revive a controversy which raged hotly last autumn and which seemed to have been resolved in favour of precisely that group in the Cabinet which has got its way over the oil: White Paper.

The argument then, when money was pouring in from year.

# Namibia talks in the balance

THE WEEKEND assassination of Chief Clemens Kapuuo, probably the most prominent black leader inside South African-controlled Namibia, once again highlights the difficulties facing the Western powers as they seek non-violent solutions to the problems of southern Africa.

The five western members of the UN Security Council began their current attempt to achieve a negotiated settlement in Namibia—or South West Africa—just a year ago. To-day, as they prepare to present their final proposals to the South African Government and to the UN-supported Swapo-nationalist organisation, the initiative is at a highly delicate stage.

Specifically at issue is whether the South African government, and behind it the party which Chief Kapuuo led, can be persuaded that an internationally acceptable settlement is better for Namibia itself, and for the whole of southern Africa, than an internal solution similar to that which is currently being sought in Rhodesia. Even before Chief Kapuuo's assassination, there had been building up in Namibia itself, and in South Africa, for the so-called internal solution. There are now fears that the Kapuuo murder, which followed a month or more of apparently tribally motivated violence within Namibia, will precipitate an early announcement of "internal" elections in the territory, which in turn would almost certainly herald the low level guerrilla war now being waged by Swapo from its bases in Angola.

**South Africa**  
 Whether these fears will be realised will depend ultimately on the South African government. And here one must make a very difficult judgement as to whether or not South Africa still believes that an internationally recognised settlement—albeit one that involves a drastic reduction in the numbers of South African troops in the territory, and UN military and civilian supervision during a transfer of power—is in its own interests. So far, South

Africa has gone along with the western power initiative, often seeming to be more ready to make concessions than the rigid Swapo. But in the last few weeks, there are increasingly strong suggestions that the western initiative is being abandoned.

It is highly doubtful whether Pretoria would decide to go ahead with an internal solution simply because of Kapuuo's assassination—though as the most prominent "internal" leader and President of the ethnically based Democratic Turnhalle Alliance, he was an obvious candidate for the presidency once the territory's independence was declared. But in the past few weeks, there have been increasingly strident attacks on Swapo in the government-owned media, while Swapo has officially been blamed both for the violence in the capital, Windhoek, as well as for Kapuuo's assassination—all of which Swapo has denied. Whether or not Swapo is guilty, however, the escalating violence is a fact and could be used as a pretext for jettisoning the western proposals.

## Support

If Pretoria has taken such a decision, there is probably little that the western powers can do to avert it. However, it is clear that Mr. Andrew Young, the U.S. Ambassador to the UN, who has been travelling in black Africa for the past week, has not yet given up hope. He is said to have won support from the frontline African presidents for a plan which, contrary to the demands of Swapo, would allow South Africa to keep some troops in the disputed north of Namibia. It seems certain that the issue will again be discussed in Lagos this weekend, when the Foreign Ministers of the frontline states are due to meet President Carter there.

It must be hoped that this new effort will be enough to persuade South Africa—and Swapo—to continue negotiations. Negotiated independence for Namibia would have a major impact in Southern Africa, not least in Rhodesia.

# Chemicals future strewn with hope and doubts

By KEVIN DONE, Chemicals Correspondent

THE BRITISH chemical industry intends to spend more than \$5bn. on expanding in the next three years. Manufacturers might be expected to be exuding optimism, eager to tackle the new projects. But in fact the industry is plagued by worries, not only about profit margins in the short-term, but about the medium-term future.

It is afraid that the trading conditions in which it has to operate may have been permanently changed and that overcapacities may persist well into the 1980s, even though the British industry, judged solely on investment figures, appears to have shown more resistance in the face of the recession than have its continental competitors.

Chemical companies in Britain admittedly have some catching up to do in order to reach the investment peak attained in 1970. But that goal should be reached next year, when capital expenditure is expected to rise to some \$1.4bn. And the U.K.'s share of EEC chemicals investment is also improving, following the steady fall from 1968 to 1973. With about one-sixth of Community chemical production the U.K. claimed some 17 per cent of EEC investment last year and expects about 22 per cent in 1978. The volume of U.K. investment was 12 per cent up last year over 1976 (39 per cent up in money terms at \$220m.). And this year it should rise another 14 per cent in volume and 31 per cent in current value to \$1.07bn. Additional working capital requirements over the next three years should amount to some \$2.2bn.

Imperial Chemical Industries, the U.K.'s largest exporter, is planning to invest some \$700m. in capital projects this year varying from major plastics projects to fertilisers, dyestuffs, textile intermediates and pharmaceuticals. Over the next three years ICI is putting \$41m. into new plant for intermediate chemicals and pharmaceuticals, while Albright and Wilson has recently announced plans to spend some \$17m. on expanding phosphorus chemical production.

The figures are impressive, but the industry's future is still clouded by uncertainty and some of the expenditure could well be delayed.

The biggest immediate concern is whether the construction industry can overcome its endemic problems on large sites in the U.K. and effectively translate the investment effort into new plant. Signs are appearing that companies will be carrying on increasing investment through recession may be sapped if the depressed trading conditions of recent months do not show an early improvement.

According to the latest survey by the Chemical Industries Association, company sanctions for new projects are expected to start falling next year. But given the time it now takes to plan and build big chemical plants, capital expenditure over the next couple of years at least is guaranteed to stay at a high level because of companies' existing commitments.

## Environmental measures

But there can be no doubt that the industry is unsettled. More and more it is accepting that the old growth rates will never be seen again; that whereas in the past chemicals, and especially petrochemicals, could be guaranteed to grow at least two to three times as fast as the rest of manufacturing industry, they will, in the future, be much more tightly tied to the general fortunes of world trade.

An increasing share of capital expenditure is being devoted to environmental and safety measures—up from 5 per cent to 10 per cent since the mid-1960s—and to schemes to save energy. But the bulk of investment is still being put into new plant, even in the over-subscribed sectors of base petrochemicals and plastics. The wisdom of this approach is seriously questioned in a study recently to be circulated among the European banking community, which warns that no end can be seen to this overcapacity.

In successive waves, new plant in the Eastern Bloc, cumulative capacity increases arising from current investment in existing plants, and finally the much-heralded arrival of the Arab oil producers as a force on the world petrochemical scene, will guarantee, so the study suggests, a damaging surplus of capacity in Western Europe into the late 1980s and beyond. Switches from quantity to quality and greater specialisation in investment will come too late.

Many in the chemicals industry still hope for a turnaround, but according to Mr. Maurice Tuck, an economist

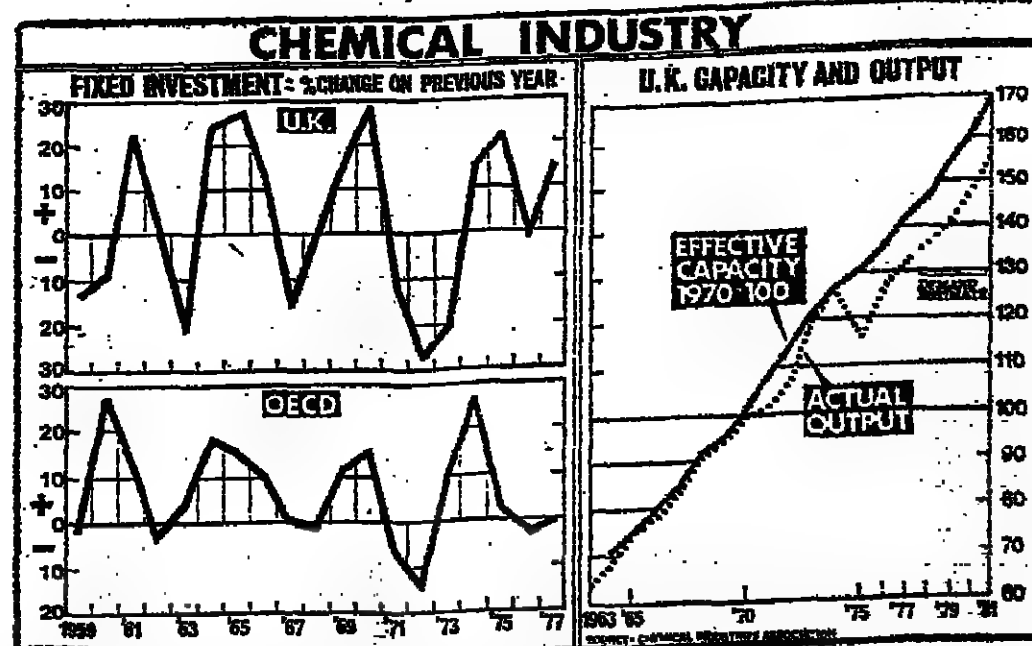
cycle is in decline and there is little prospect of a sustained recovery for at least 12 months. He suggests there has been a fundamental change in economic conditions compared with the cycles of the last 20 years. "We not only have to ask ourselves where we are in the economic cycle, but whether the cycle, in any real sense, exists at all."

The pressures for bigger expenditure are great. If the U.K. is to make the most of its oil and gas resources from the North Sea, much depends on the chemical industry providing the added value. The U.K. is at present one of the most promising locations in Western Europe for the large-scale development of petrochemicals and related downstream activities. It offers not only the availability and security of feedstocks, but also the promise of attractive coastal and estuary sites. Britain's faster flowing rivers and long coastline give it a marked environmental advantage over many of its competitors.

When an industry planning forum, the petrochemicals sector working party, suggested two years ago that as part of the industrial strategy a fitting aspiration would be to build four ethylene plants by 1985—based on North Sea ethane—the Government in the shape of Mr. Eric Varley, the Industry Secretary, jumped to endorse the idea as official policy. Ethylene is the most important basic petrochemical with wide end uses from plastics and textiles to detergents, paints and antifreezes.

At least two of the crackers were to have been directed towards exports and could have cost up to \$300m. each. As it is, the economic growth that was foreseen three years ago has all but evaporated, and the latest working party report admits that the proposed construction timetable could be achieved only with much higher growth rates in Western Europe than those now projected.

The six leading unions in the industry have just formed a Chemical Unions Council representing about 300,000 workers with ICI, the overall business in the oil, heavy chemicals,



pharmaceuticals, paint, plastics and other industrial sectors. One of its priority tasks will be to take up the issue of investment, because the industry has fallen short of its intentions in recent years.

At the moment only one ethane-based cracker is being considered—the 500,000 tonnes-a-year plant proposed by Esso Chemical for Mossburn, Fife—but the timing of even this project is still far from certain. The industry has tried hard to convince the unions and the Government that projects cannot be sanctioned simply because new feedstock resources have materialised.

The debate continues in the petrochemicals sector working party, which is also trying to agree a response to the report of a McKinsey strategy study on accelerated investment in plastic materials, such as PVC, polyethylene and polypropylene. Not surprisingly, the unions are supporting the option of U.K. industry investing more now in order to forestall its continental rivals. The companies, on the other hand, are wary of making yet more expensive additions to the existing large surplus.

The only petrochemicals complex to date that has been built on the edge of the North Sea solely because of the discovery of oil and gas is the Norwegian venture at Bamble, 80 miles south-west of Oslo. This incorporates a gas liquid cracker for ethylene plus attendant downstream plastics plants. To get the project off the ground in the first place required considerable Government involvement and backing, and clearly the unions in the U.K. could see the Norwegian example as one Britain might be persuaded to follow.

But Bamble can also teach other lessons which perhaps have more important implications for the U.K. investment programme. The start-up of the plants has been badly held up by construction delays on a U.K. site which will supply Bamble with feedstock.

The intractable problems of the U.K.'s construction industry on large sites are the "most serious impediment the chemical industry faces," Mr. Martin Trowbridge, director-general of the Chemical Industries Association, said recently. "It is a problem that must be faced up to. If we go on like this the U.K. does become a pretty unattractive place to build large plants."

A report published a little more than a year ago by the National Economic Development Office placed Britain bottom in a series of comparisons of site performances on 18 major projects—seven in Britain, four in the U.S. and seven on the Continent. According to Mr. Jim Stewart, deputy chairman of ICI's petrochemicals division, "the problems are certainly not getting better or easier to handle."

He should know. ICI's 500,000 tonnes a year cracker, which it is building jointly with BP Chemicals on Teesside, is a year late and is unlikely to be commissioned until around the end of the year. The cost has escalated from an estimated \$100m. to nearer \$150m.

## Under-rated complexity

Site difficulties are blamed on a complex of problems ranging over the late delivery of equipment, changes in design during construction phase, absenteeism, poor productivity, and frequent stoppages. Mr. Bob Halsey, Sim-Chem's general manager of construction for terminal and natural gas liquids treatment plant at Seal Sands, Teesside, picks out two other factors. When project contracts are first signed the construction schedules are often widely over-optimistic, and the complexity of the task is under-rated.

Most important, he says, the confidence will be sorely tried various parties to the job—the client, the contractors, their

## U.K. CHEMICALS: CAPACITIES AND OUTPUT

	1975	1976	1977	1978	1979	1980	1981*
Change of output (%)	-8.4	+10.2	+2.7	+3.5	+3.5	+5.5	+4.5
Based on:							
Home sales (%)	-5.0	+5.8	-0.4	+2.5	+2.0	+3.0	+2.5
Exports (%)	-15.9	+19.9	+8.3	+5.0	+6.0	+10.0	+6.0
Production index (1970=100)	116.0	127.8	131.2	135.8	140.5	148.3	155.0
Effective margin of capacity (%)	12.8	6.1	7.8	8.3	9.3	8.5	9.2

\* based on long-term trend. Source: Chemical Industries Association

## EEC CHEMICALS: CAPITAL SPENDING

	1978	1977	1976	1975	1974	1973	1972
West Germany*	2,941	2,583	2,275	2,124	1,771	1,525	
United Kingdom	2,072	1,432	1,145	1,215	613	917	
Italy*	2,037	1,994	2,044	2,052	1,167	928	
France	1,708	943	900	1,166	896	509	
Netherlands	777	894	693	537	500	517	
Belgium and Luxembourg	418	477	440	470	386	236	
EEC total	9,507	8,486	7,428	7,700	5,421	4,700	

\* Includes investment in non-chemical firms. Source: Chemical Industries Association

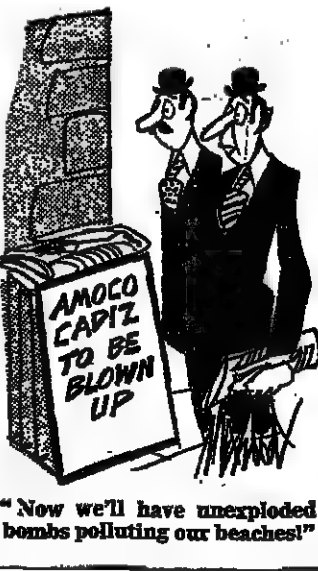
# MEN AND MATTERS

## The Tory from Brixton

Yesterday's news of the April 20 date for the Lambeth Central by-election was of intense personal interest to one rising Tory, who grew up in the heart of this Labour stronghold. John Major spent his boyhood in Coldharbour Lane, Brixton, in a multi-occupied and decidedly multi-racial house. Now an executive with Standard Chartered Bank, the 35-year-old Major is candidate for a safe Conservative seat of Huntingdon; but he intends to go back this month and campaign for his party in the Brixton streets where he grew up.

Major tells some vivid stories about his Coldharbour Lane schooldays. One occupant of the house he lived in was a cat-burglar: another announced his return at night by waving his false teeth around the door. I asked Major for his views on immigration. "I am totally opposed to any policy that treats people as second-class citizens—such as repatriation, voluntary or compulsory. I would not have any truck with paying people to leave." But he says the forecasts of unemployment for a long time ahead convince him that immigration should be halted.

Major won a scholarship to a grammar school—which he left at 16—and first became interested in politics after talking to Marcus Lipton, the Lambeth Central MP, at a jumble sale. It was Lipton's death which led to the coming poll. "He told me I should go in for politics," recalls Major, "although I was only 14 at the time. I suppose he would not have guessed I might become a Tory." Would the Conservatives ever have a chance in a place like Brixton?



"Now we'll have unexploded bombs polluting our beaches!"

## Tracing traces

There is much more to worms than meets the eye. Yesterday I spoke to further palaeontologists about a weekend report that worm-like burrows 1,340m. years old had been found in Western Australia.

"Astounding and of colossal importance if true," Dr. Roland Goldring of Reading University told me. The finds, if confirmed, would mean that complex life had existed perhaps twice as early as is at present believed. Dr. Goldring had worked on pre-Cambrian finds about 650m. years old in the Ediacara Mountains north-west of Adelaide and he put me on to one of the leading figures in this field, Dr. Martin Glaessner, Emeritus Professor of Geology and Palaeontology at the University of Adelaide.

Glaessner, who is 72, says that scientists are at last begin-

ning to be able to tackle what went on 2,000m. and 3,000m. years ago. Until recently neither microscopy nor biological knowledge allowed much research of this early period. He told me that evolution was not like a clock and did not take place at a fixed rate. For him the crucial period was not when the first bacteria or algae were formed, but when organisms began to reproduce sexually. This is when evolution apparently began to speed up.

Glaessner says that he would want to see a good photograph of the new finds before accepting them. But that he had long been of the opinion that soft-bodied animals could have existed in the period between 600m. and 2,000m. years ago. He thinks that it will be hard to go back to the Archaean period, prior to 2,500m. years ago, since if there was life it was not in abundance and its traces would have been destroyed by the upheavals in the earth's crust. Dating back to before 600m. years ago, a soft coral-like creature named after Glaessner has been found in Australia, Archangel and even our own Leicester.

since the mid-1960s, when a former Aston Villa player, Phil Woosnam, began to woo the Americans away from American football, preferred—not least by Presidents Ford and Nixon.

Now the Americans aspire to host the 1990 World Cup—and think Kissinger's international connections are just what are needed to swing the balance. Kissinger has long been a soccer enthusiast: La Opinion of Buenos Aires reports that he is expected there for this year's World Cup. It comments that even if Kissinger cannot be President of the U.S., he can still be president of the American soccer federation. Well, he should recognise fast footwork when he sees it.

**Setting an example**  
 One can learn a lot about the mores of our society by discovering who is stretching a national holiday beyond its bounds. I was scarcely surprised, upon telephoning the British Field Sports Society yesterday, to be told by its officials were taking an extra day off for Easter. Who would want to miss the last fox-hunts of the season? It is, however, rather more central to the main challenges of the moment that neither the Industrial Society nor the TUC felt any compulsion to open their offices along with the rest of us.

**Hole to fill**  
 Advertisement in a Sussex newspaper: "Dentist urgently requires secretary receptionist. Telephone—... If no answer, post still vacant."

But more surprising was Kissinger's turning up yesterday to attend the meeting of the Board of Directors of the North American Soccer League. The league has got under way

Distributors of hearing and power transmission products; manufacturers of specialist power transmission products and quality rubber extrusions and mouldings.

Year ended 31st December	1977	1976
External Sales	£27,405	£21,089
TRADING PROFIT	4,226	3,057
Interest Received	272	80
Profit on sale of Govt. Stocks	56	—
PROFIT BEFORE TAX	4,554	3,137
Tax	2,367	1,631
Net Profit	2,187	1,506
Minority Interest	3	(13)
Extraordinary Items	116	—
ATTRIBUTABLE PROFIT	2,306	1,493
Dividends	614	301
Retained	1,692	1,192
Earnings per share	15.6p	11.1p

\* Sales increased... 30.0%  
 \* Trading Profit improved by... 38.2%  
 \* Profit before tax increased by... 45.2%  
 \* Net assets employed increased by... 40.1%  
 \* Earnings per share increased by... 40.5%

The continuing progress and growth of your company reflects well planned and controlled budget programmes in relation to trading profit, assets managed and cash flow. A great credit to "Brammer Management" and "Brammer" People.

Further progress will be achieved during 1978, for which we have adequate cash resources and anticipate a positive cash flow.

J. E. HEAD, Chairman

H Brammer & Co. Limited, Altrincham, Cheshire

Observer



# Where bonuses work for King Coal

BY JOHN LLOYD

BY THE time I was 21, I was a king," said Mr. Michael Goldsby, a former miner and now general manager of Creswell Colliery in North Nottinghamshire. Although not of a mining family, his decision to go into the pits was based almost wholly on the amount he could earn at the time.

"I was earning £35 a week in the late 1950s, when my mates were earning £7 or £8: I had an Austin A35 and I used to go on holiday in Europe; and the Coal Board was educating me as a mining engineer. I would have started as a miner if it hadn't been for the £35 money you could earn if you were prepared to work for it."

He made his comments a few days ago when discussing the success of the three-month-old North Notts productivity agreement with the National Coal Board, one of the first area agreements to be signed after a miners' ballot had rejected a national scheme. Naturally, those areas which had voted "yes" in the ballot signed their coal agreements first. North Notts was among them.

The area was always keen on bonus schemes and resented being forced to go over to the open market when the National Power Loading Agreement was introduced in 1968.

The pre-1968 bonus system was hardly a system at all: rather it was a jumble of old age rates. But it was generally rue that, especially in the comparatively rich seams in the Midlands, face workers and tunnellers were often very highly paid. Lord Robens, chairman of the Board throughout the 1960s, used to say that mining had an East End and a West End.

Most Nottingham miners agree with Mr. Goldsby. The Power Loading Agreement, brought in on the assumption that extensive mechanisation made bonuses for extra physical effort redundant.

The pre-1968 bonus system was unpopular throughout the Midlands.

For face workers, it meant at best that their wages stood still: for some, it meant an actual cut. Since 1968, the face workers' position has slipped badly in relation to other workers below and above ground, and especially to workers in other industries.

**New faces**

Mining managers point to several effects flowing from this. First, though conceding that output per man-shift (OMS) went up initially—from 53.2 cwt in 1967 to a peak of 60.8 in 1970—they say that was wholly due to the effects of the completion of mechanisation throughout the coalfield. By 1970, it stabilised, then slid, down to a low of 56.9 cwt in 1977. There was a serious problem with new drives, that is, the tunnels driven to open up new faces, as the tunnellers, previously highly-paid men on bonus, slowed their rate of work. That, in turn, meant that at times old faces were exhausted before replacements came on stream. There was a persistent shortage of young recruits to the industry.

Thus both management and miners were united in their desire to return to a bonus system. When the NCB deal was rejected by national ballot last November, the Notts NUM asked the National Executive of the union if it could negotiate an area agreement. Rather to the surprise of everyone, the executive agreed. A deal was signed by the end of the month.

Since then, to the immense gratification of Mr. Merik Sparrow, the area director, the indices have been rising. January of this year showed an OMS of 58.5 cwt, against 55.7 cwt in January 1977; February was 65.8 cwt against 61.2 cwt in February 1977. When OMS is based on face workers only, the increase is even more dramatic: 241.7 cwt this February against 212 in February 1977. The 16,500 men who work the 15 collieries in North Notts are now receiving around £250,000 a week in bonus. By the time his close his books at the end of March, Mr. Sparrow will have recorded a gross output of 10.85m. tons, up 370,000 tons on the previous year. He forecasts an output of 11.7m. tons in 1978-79. The increase is rather lower—at around 7 per cent—than the 10 per cent rise in output which the NCB had forecast as a result of the productivity scheme; but it is a rise.

It is not yet wholly clear if the area is breaking even on the bonus scheme, though the indications are that it is. The area statisticians say that their costs rose by around 7½ per cent in February, but reckon that income went up by 9 per cent.

However eagerly and carefully these figures are studied at board and area level, it is in the collieries that they are produced, where the daily output is translated into next columns of figures in battered ledgers by cost clerks working away in Victorian offices. It is there that the productivity scheme succeeds or fails, where the colliery manager and the secretary of the union sign a

piece of paper guaranteeing that if so much work is done, so much money will be paid.

Creswell, the colliery managed by Mr. Goldsby, is as good a testing ground as any in North Notts. It is a medium-sized pit, with a reasonable productivity record. Mr. Goldsby claims it is the most productive thin-seamed pit in everyone gets a different wage, £10 more, and so on.

The equation makes good sense for the colliery, too. Creswell (unlike many other collieries) makes a profit on each ton even at the 75 per cent trigger point. And But the profit is in the get because of the very high proportion of fixed costs (which include a substantial element in the area and national over-

miners produced 22,347 tons of coal OMS in that week rose to 91 cwt for all workers, and 112 307.6 cwt for face workers. On one of the pit's three faces, they dug 9,419 tons of coal.

But more impressive, because more consistently achieved, has been the average output over the months in which the bonus scheme has been fully operational. Average weekly output has been around 18,600 tons which means that Creswell's face workers are regularly taking home between £35 and £40 a week extra in their pay packets. Other underground workers take home between 50 and 65 per cent of that, while surface workers take 40 per cent.

The strength of Creswell, however, graphically demonstrates the potential weakness of the scheme in other pits. Supposing the norm—the 100 per cent effort—is set roughly at the level of a pit's present output: and supposing that, for one reason or another, that output goes down rather than up. The miners in such a pit will be receiving more money for less output, and the so-called productivity scheme will be running at a deficit, not that the markets will not be there. It is that production will not be continuous; that in spite of the scheme, and in spite of the huge national investment programme—£350m. in 1977-78 alone—a prolonged strike could destroy the first tentative signs of renewed confidence in the industry among its customers.

## CRESWELL COLLIERY: PROFITABILITY AND BONUS SCALES

Weekly saleable tons	Profit per ton	Costs: Fixed	Costs: Variable	Bonus	Total	Proceeds	Profit	Weekly Bonus (face-worker)
12,120 (75%)	1.67	201,779	29,494	1,502	232,975	250,762	17,787	3.88
12,620	2.02	"	30,919	2,558	235,354	281,108	45,754	5.84
13,120	2.54	"	32,144	4,224	238,147	271,453	33,306	8.44
13,620	3.01	"	33,369	5,585	240,733	281,797	41,064	11.45
14,120	3.46	"	34,594	6,960	243,323	292,143	48,820	14.27
14,620	3.87	"	35,819	8,326	245,924	302,488	56,564	17.07
15,120	4.25	"	37,044	9,707	248,530	312,833	64,303	19.99
15,620	4.61	"	38,269	11,082	251,130	323,178	72,048	22.72
16,120	4.94	"	39,494	12,467	253,740	333,523	79,783	25.54
16,620 (100%)	5.27	"	40,719	13,848	256,346	343,868	87,522	28.39
17,120	5.55	"	41,944	15,233	258,956	354,213	95,257	31.23
17,620	5.84	"	43,169	16,618	261,566	364,558	102,992	34.07
18,120	6.11	"	44,394	18,004	264,177	374,903	110,726	36.91
18,620	6.36	"	45,619	19,399	266,787	385,248	118,461	39.77
19,120	6.60	"	46,844	20,784	269,407	395,593	126,186	42.61
19,620	6.82	"	48,069	22,179	272,027	405,938	133,911	45.47

Source: Creswell Colliery, NCB.

the country (a thin seam is three-feet thick, or less).

Mr. Goldsby's views on productivity are directly related to his own early experiences as a face worker. He sees no reason why men should work at the coal face, or drive new tunnels, for only average wages, and he believes that considerable differentials between face workers and other underground workers are justified. He also thinks that the Left in the NUM was right on one aspect of its campaign against the deal, for it will mean the weakening of the NUM. "Once

North Notts, once again, is fortunate in its markets. It supplies only marginal amounts to steel mills: while over 60 per cent of its output goes to the power stations in the Trent Valley. Cement works and the numerous industrial concerns in Nottinghamshire take a large proportion of the rest, while around 10 per cent goes to the domestic market, and to solid fuel manufacturers like Rexco and Coalite. There is even a tiny export market, through Birmingham, of a few thousand tons a year.

Thus the overriding concern is not that the productivity scheme will prove to be running at a deficit, nor that the markets will not be there. It is that production will not be continuous; that in spite of the scheme, and in spite of the huge national investment programme—£350m. in 1977-78 alone—a prolonged strike could destroy the first tentative signs of renewed confidence in the industry among its customers.

However, as the figures from the dog-eared ledgers of Creswell are translated into digits on the NCB's central computer over the next few weeks, the Board will be sure to translate them into a message which says that the corner has been turned nationally, and the road ahead is straight.

## Coal glut

What of the second great danger which, it has been said, may confront the NCB—that of a coal glut? Fears of such a phenomenon have been based partly on the deep recession in the steel industry (the NCB's second largest customer), partly on the assumed disinclination

## Letters to the Editor

### Unacceptable risks

From Mr. J. Buckland

Sir—The rocks of Ushant have once claimed their second major victim. First the Olympic raver and now the Amoco star. Leaving aside such questions as to what was a fully laden ship of that size doing in that Ushant Channel, when British ships one-tenth the size could avoid using it, or what its crew were doing about getting emergency steering using the hours while she drifted on to the rocks; the whole question of big ship safety is now very much in the air.

In these modern times when the size of ships can be over 10,000 tons, the basic attitude of their design should be that, the larger, more expensive and sophisticated that ships get, the safer they should be able to be after themselves under all the worst circumstances. Unfortunately, the reverse is true. The larger and more expensive the ship, the less able they are to look after themselves.

Few underwriters would be kept on insuring a Jumbo with one engine. Yet no one seems to object to massive tankers with only one engine, and the Amoco Cadiz been twice in the news for having been able to steer her way out of trouble, was the usual case of "all hands abandon ship—Lloyd's derelicters reach for their lifebuoys".

It is, however, equally important with twin-screw ships to have the engine room divided into two by a proper watertight bulkhead so that even if one engine is put out of action by collision or fire, the ship can still be got out of trouble.

As far as I am concerned, any ship over 50,000 tons should be designed with the engine room divided for divided safety. Underwriters could easily force this. Why should the attitudes of the world have to be: up with these risks of marine pollution when the risks can be greatly reduced?

At the present time there is talk in shipping circles of large-scale scrapping programmes to get rid of the world's old ships. Let us hope it is the most will be made of its opportunity.

It is not a very costly process and everyone benefits. The crew have a safer ship; the underwriters have less risk; and the payers of the world will have a chance of footing large ship bills. We will not get on to the problems of what it is as regards the number of ships which will have to lose their livelihood—temporarily or permanently.

V. Buckland,  
Norr House, South Mundham,  
or Chichester, Sussex.

### Management voices

From Mr. J. Lockwood

Sir—Further to the contribution of W. R. Branagan (March 22) to the saga of "Management cec," let me endeavour at his quest to put forward a simple, plain and, I hope, a useful message. It is the lack of remuneration paid to managers relative to shop floor that is the root cause. It is the ever widening gulf between the remuneration of organised labour and the wage who wants to fight over his wages and in doing so a further further backwards to the present reality of industrial labour anarchy cases.

### The education service

From the Chairman,  
Kent County Council  
Education Committee.

Sir—in my letter of March 23 in reply to Mr. Roland Freeman's suggestions about the reorganisation of the education service, the sentence appeared: "Many of us would agree that all the present metropolitan districts are really strong enough to be fully effective education authorities in the present day times." This sentence should have read: "Many of us would not agree that all the... unfortunately the word 'not' was omitted as a result of a typing error."

John Barnes,  
Kent County Council  
Education Committee,  
Springfield, Maidstone, Kent.

### Bureaucratic bungling

From Mr. G. McConochie

Sir—Many British bureaucratic bunglings now reach new giddy heights.

The saga I have moved to California for a period of three or four years at the request of my company. To obtain Exchange and Residence permits for the movement of funds can only be done through the Bank of England. This is a traumatic experience. The questions one has to answer go into so much detail for what in most instances is so little in real terms.

To wit—the ownership of Premium Bonds. Not only is it insufficient to inform the Bank of England about total personal family holdings acquired over many years—in the hope of Ernie's computer operated wheel of fortune selecting ones name from the millions registered—but regardless of these bonds having been bought in ones and twos over the years the Bank of England insists upon knowing the number and details of each.

Having overcome this hurdle and then informing the Premium Bonds and Stock Office of my change of address I am told by the Director of Savings that "provided that permission from the Bank of England is given, we will then be possible for me to make payments to you abroad."

Luck must now be turning my way and Ernie is at last going to pay out in my direction.

The following paragraph, however, states that "I am sorry to tell you that we have been notified by the United States Post Office Department that U.S. Postal lottery laws are contravened when their mails are used for the transmission of any material about Premium Savings Bonds."

I am then told that it has been decided that "it will not be practical for you to continue to keep your Premium Savings Bonds

### A question of degree

From Professor A. Peffer and Mr. J. Laith

Sir—Lord Robbins' article "A Question of degree" (March 18) typifies the impredation of thought and excessive virtually universal in educational debate to-day. Lord Robbins proposes profound changes to the university system but nowhere does he give reasoned arguments to back his analysis and his proposals. Instead he is faced with flowery and emotive language ("evil roots," "perverse developments") that may cause a committee but hardly make a sound case.

The realisation that when we change educational institutions we change young people's lives prospects, frequently irreversible, should pervade all educational debate. Out of care, if not self respect, it is the duty of proponents of change to put forward reasoned arguments based on established facts to convince us all that benefits will result from their proposed changes. When there is no case for change, there is a case for no change.

Lord Robbins obviously has a clear idea of the role of a University, an idea not everyone shares. He understands its role in passing on knowledge but he implicitly denigrates its other function of inventing and accumulating new knowledge. It is however the dual functions that typify a University and that benefit both students and society. In a wider context, evidence suggests that chemical research in Universities is fundamental to the long-term health of the British chemical industry. How then does Lord Robbins know that research has a "disproportionate emphasis in promotion" in Universities? And indeed how does he deduce "proportionate" in this context? Furthermore, how does he assess that present-day students are in a state of bemused frustration as compared with their predecessors? The answer is that he does not know and is merely expressing his opinion and nothing else.

On such flimsy bases, Lord Robbins mounts his attack on specialist Honours courses, which it may be noted give us all of our doctors of medicine and most of our scientists, engineers and pharmacists, at a cost per capita far less than other European countries and the U.S. As regards the width of options of our graduates, at 24 we have most European graduates are just looking for jobs, our own have been in employment for

### The golden handshake

From the President,  
Association of Professional  
Scientists and Technologists

Sir—Calculation of the tax rebate applicable to the kind of highly paid people who are known as the "golden handshake" is extremely complicated and requires consideration of six separate Inland Revenue rules, all of which are so complex that special advisers are generally known as "golden handshake" men.

There is a widespread belief among the lower paid that really highly paid people who have access to such specialist advice use the "golden handshake" for secret tax-dodging purposes, while the middle manager who receives such a payment often feels that he has lost out because of lack of such advice. Companies cannot give advice or lay down hard and fast rules because the fiction has to be maintained that "golden handshakes" are totally unexpected and ex gratia, otherwise they attract no tax relief at all.

It is not time that the reality of "golden handshakes" should be recognised and clear and simple tax rules with regard to them laid down so that justice is both done and seen to be done, and any manipulations of obscure tax rules for tax avoidance prevented? A reasonable suggestion might be that an amount equal to 2.5 times a person's gross annual salary would be exempt from tax but that tax would be paid in the normal way on anything above this. The figure of 2.5 could be altered up or down at each Budget.

The simplicity, openness and justice of such a rule should commend itself not only to managerial and professional unions like my own but also to the TUC in general.

M. B. Green,  
Association of Professional Scientists and Technologists,  
175, Station Road,  
Swinton, Manchester.

## To-day's Events

- GENERAL**  
President Carter on tour of issue statement on its Budget Venetians, Brazil, Nigeria and proposals.
- LIBERIA**  
Closing speeches by counsel due to begin in Old Bailey trial of three former persons in stock-brokers Chapman and Rowe.
- General and Municipal Workers' Union delegates meet on Electricity Council pay offer.**
- Building workers' pay talks resume.**
- Mrs. Shirley Williams, Education Secretary, addresses National Association of Schoolmasters and Union of Women Teachers' conference, Harrogate.**
- CBT Scotland Council meets, Edinburgh.**
- National Union of Teachers' conference continues, Blackpool.**
- Wine and Spirit Association issues statement on its Budget and proposals.**
- Closing speeches by counsel due to begin in Old Bailey trial of three former persons in stock-brokers Chapman and Rowe.**
- London Chamber of Commerce business forum on Practical Agency Problems in the Gulf States, Saudi Arabia and Iran, 60, Cannon Street, E.C.4, 10 a.m.**
- Sir Peter Vaneek, Lord Mayor of London, attends Barbers' Company Sir Lionel Denny Lecture on "The City's Contribution to Medicine" at the Museum of London, London at W.C.2, 5.30 p.m.**
- Official Statistics**  
Unemployment (February), Employment in production industries, and overtime and short-time working in manufacturing industries (January). Stoppages of work due to industrial disputes (February).
- COMPANY RESULTS**  
Equity and Life Assurance Society (full year), Ladbroke Group (full year), Legal and General Assurance Society (full year), London and Manchester Assurance (full year), Pearl Assurance Company (full year).
- COMPANY MEETINGS**  
General Consolidated Investment Trust, 8, Waterloo Place, S.W. 3, 3.45. Kingside Investment, 44, Bloomsbury Square, W.C.1, 1.15 p.m.
- Yoman Investment**  
Andrew Prior (organ), St. Bride, Fleet Street, E.C.4, 1.15 p.m.
- Opera**  
English National Opera production of Force of Destiny, Coliseum Theatre, W.C.2, 7 p.m.
- Ballet**  
Royal Ballet dance The Sleeping Beauty, Covent Garden, W.C.2, 7.30 p.m.
- SPECIAL SERVICE**  
St. Michael, Cornhill, E.C.3. Holy Communion, 1 p.m.
- MUSIC**  
John Mee (organ) and Mary Mee (Soprano), St. Olave, Hart Street, E.C.3, 1.05 p.m.
- Priscilla Stevens (violin), Church of the Holy Sepulchre, Holborn Viaduct, E.C.1, 1.15 p.m.**

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## LOCATION OF OFFICES BUREAU

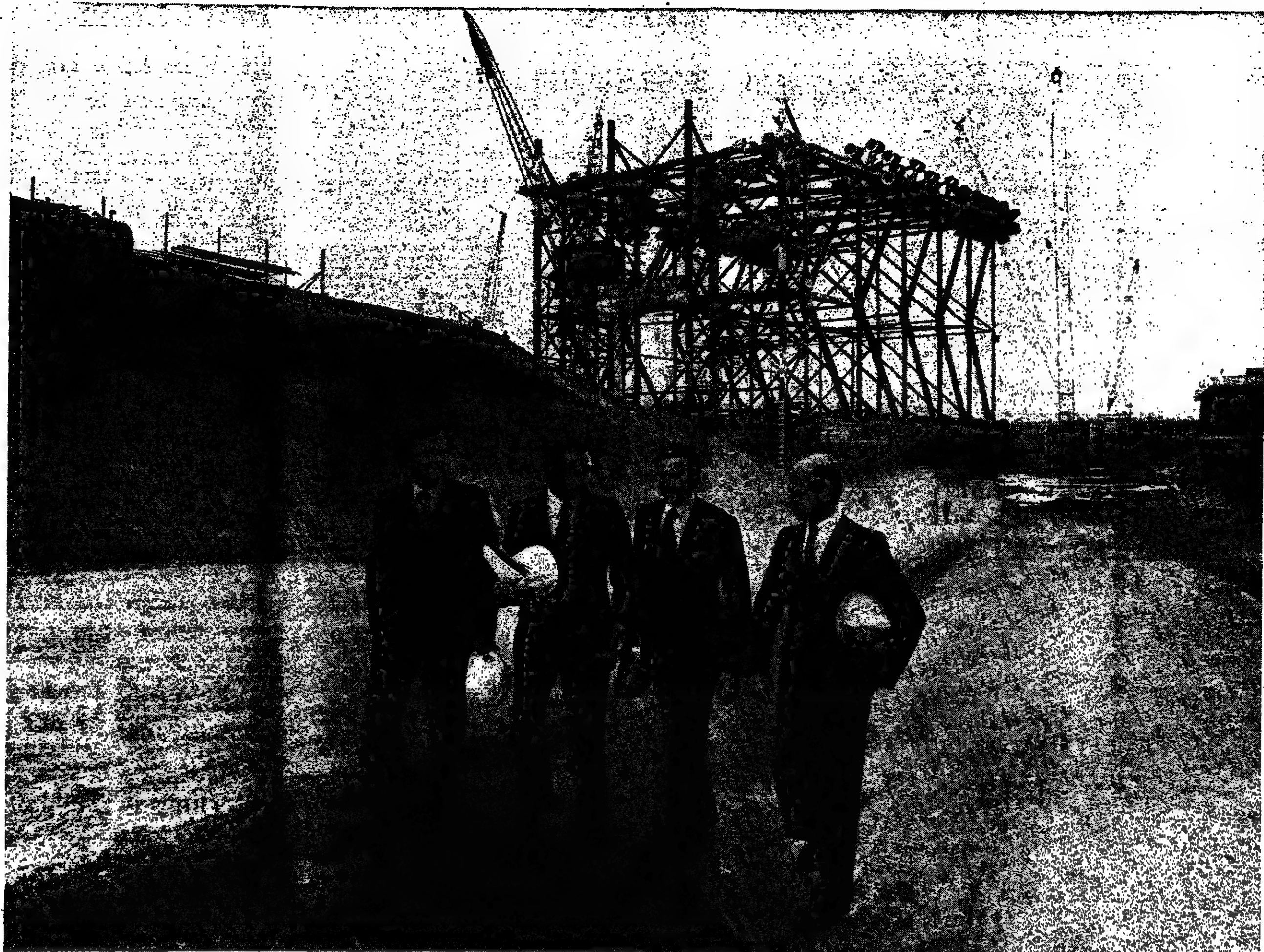
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Member, FDIC



At the construction site of a North Sea drilling platform in Scotland are four of the Morgan officers who deal with petroleum projects. From left, Peter Woicke, London; Brenton Bradley, Kuala Lumpur; Peter Rugg, London; Gilles Lecomte du Nouy, Paris.

## On petroleum projects and acquisitions the time to talk to Morgan Guaranty is when you don't want to talk to anyone

Often the most critical phase of a petroleum project or acquisition is the internal consideration it gets before a company extends its first feeler. By definition, such consideration must stay confidential. To be practical, however, it demands expert advice on complex matters like regulatory constraints, tax and securities restrictions, the best method of funding. If the deal is international, the importance of such advice mounts geometrically.

This is why major energy companies frequently call in Morgan Guaranty's petroleum bankers before anyone else knows there is a project.

Morgan bankers are involved in petroleum financing all over the world. They can give you experienced counsel on local political environments and economic conditions. And because of their knowledge of the industry, they can give you important help in evaluating possible investments or acquisitions, or in financing your com-



pany's entry into new sectors of the energy business.

Petroleum financing is big business at Morgan. We are the lead bank in half of the oil loans in which we are a participant. We can help you quickly pinpoint the best sources of funds. We can help you structure and present your loan proposals, however technical.

When you want to talk to somebody before you talk to everybody, talk to Morgan Guaranty. Call Peter L. Woicke, Vice President, at 01-283-8888. Or write to him at Morgan Guaranty, 33 Lombard Street, London EC3P 3BH.

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**Morgan Guaranty - the corporate bank**







BIDS AND DEALS

## Wigfall Board still holding out

As Comet Radiolvision announced at the number of acceptances of a offer for Henry Wigfall had risen up to 41.18 per cent. (against 37 per cent. before the Easter week), the Wigfall Board sent all shareholders Notice of Revocation forms to encourage any who accepted the offer to change their minds.

The forms were accompanied by letter in which the Board and only claim that their rejection based on sound commercial reasons. At a Press conference held yesterday, the Board also declared that the 45 per cent. Board and only block was still firmly opposed to the offer which was described as "opportunistic".

Chairman, Mr. F. C. B. Morell, declined to break down the value of the group's rental assets between black and white and Hour television contracts, or to separate out the level of rental contracts related to white goods. Wigfall is the only company to see white goods by way of rent.

Mr. Morell did say that the value of the white goods contracts within the £25m. total asset base was not materially different from book value and that black and white television contracts were valued on a comparative basis.

In describing the group's forecast of significant profit growth, Mr. Morell said the redundancy programme which has involved a group in shedding 350 employees and 100 administrative staff is now virtually complete.

He also declined to give the number of television rental contracts but confirmed that satisfactory density had now been achieved in the 60 shops acquired 18 months ago from Lloyds. They were now beginning to contribute fully and were a significant element in the second-half improvement in profits to £12m.

### MORGAN EDWARDS SUSPENDED

Shares of Morgan Edwards, the wholesale and retail grocery company, were suspended at 38p yesterday. The group had requested this after its share price had risen sharply during the morning from its pre-Easter week-end level of 35p.

One view in the City last night was that two directors of Alpine Holdings, Mr. Alistair Grant and Mr. David Webster, were expected to take a major share stake in the group. Supporters of this view believe that a merchant bank is providing the cash backing for the deal.

However, speculation that the chairman and chief executives of Alpine, Mr. James Gulliver, was set to make a bid for the group was dismissed. Mr. Grant and Mr. Webster are former directors of Oriel.

### CRYSTALATE

Crystalate (Holdings) has agreed to acquire EIH Electronics, a subsidiary of Edinburgh Industrial Holdings, and a 400-share factory in which the subsidiary operates, for about \$445,000 cash.

The freehold premises account for £245,000 of the consideration and the other \$200,000 depends on the audited net tangible assets at March 31, 1978.

EIH Electronics, which manufactures coils, transformers and other electro-mechanical components made £100,000 pre-tax profit on sales of £1.7m. in the year to October 31, 1977. But in 1977 Post Office cutbacks and a fire caused losses.

Negotiations by Crystalate to buy another private company, also manufacturing electronic components are "proceeding satisfactorily". When they are completed and the audited accounts of EIH Electronics are available, Crystalate will send a circular to shareholders giving details of both acquisitions.

### COUNTY DAIRIES

County Dairies, which is to be purchased by Clifford's Dairies, is expected to make substantially greater profits in the current year than the £364,000 earned in 1977/78. Clifford's is awaiting more up to date audited accounts and the report of the investigating accountants.

### THOMAS CORK

Thomas Cork (Service Merchants) Inc., a wholly owned subsidiary of the Harts Mountain Corporation of New Jersey, U.S., has acquired from Newey Goodman the shares of its subsidiary, Thomas Cork (Service Merchants) Ltd.

This move is designed to ensure the continued growth of Thomas Cork as a service merchandising company providing a range of non-food products to leading supermarket groups within the U.K.

### ELLIS (RICHMOND)

The offer by Gough Brothers for Ellis and Co. (Richmond) has become unconditional. It has been accepted in respect of more than 80.5 per cent. of the shares for which the offer is made, by more than 78.8 per cent. of the number of the holders thereof.

## Booker McConnell pays £1.3m. for Italvini

ITALVINI, set up in 1968 and now the leading U.K. distributor of bottled Italian wines, is to be bought by Booker McConnell, the international trading group, for £1.3m.

Italvini's name is firmly linked with that of Signor Gianni Castagno, its founder and deputy chairman. But much of the finance behind the company is British and the majority shareholder is an Englishman, the chairman Mr. David Kingsley, who owns 62,000 of the 120,000 issued shares.

He will receive, therefore, nearly £972,000 from the cash deal which is due to be completed on April 6 when the new tax year begins.

In the year to June 30, 1977, Italvini's turnover rose from £3.5m. to just over £5m. while pre-tax profits were up from £150,224 to £262,610.

The company was first in the U.K. to sell double-litre bottles of Italian wine which it launched in 1970. To-day, double-litre and magnum sizes account for between 65 and 70 per cent. of the company's trade.

However, Signor Castagno, who recently moved back to live permanently in Tuscany, also has been concerned to promote better-quality Italian wines.

Booker McConnell already has drinks interests in the U.K. through its United Rum Merchants subsidiary—the Lamb's Navy Rum business.

### KENNEDY SMALE

Kennedy Smale has acquired 70 per cent. of the equity of Edward Jones (Spring), of Birmingham, which manufactures equipment for the telecommunications and radar industries.

Latest published accounts of Edward Jones (a private company) are for the year ended June 30, 1977 and profits before tax for that year and net assets at book value attributable to the shares acquired amount to £28,729 and £29,206 respectively.

Consideration payable is £114,000

cash which has been satisfied by an initial £106,400 with the balance due on September 28.

### COLOPHONTUM EXTENDS

The offer by Colophonum Pty. for London Australia Investment has been further extended and will remain open until April 28.

### BROWN & JACKSON EXPANSION

Brown and Jackson has purchased Harris and Benson, which are associated companies having common shareholders, for £542,800 and £27,820 cash respectively.

Harris is a wholesaler of toiletries and household goods with a turnover of £5m. in 1977. Benson is a wholesale toy, fancy goods, etc., with a turnover of £850,000 in 1977. Both companies are based in Leeds.

Brown and Jackson states that the acquisitions will give it an important and growing source of profits outside of the construction industry. Further, Harris and Benson, which have both grown very rapidly, will be an important customer for the toiletries manufacturing plant already owned by the company.

At end 1977 net assets of Harris were £485,551 (including deferred tax of £228,850) and of Benson £124,820 (including deferred tax of £26,650). Profits before tax for 1977 were £267,585 for Harris and £51,694 for Benson.

The Vendors have warranted that the combined pre-tax profits will not be less than £250,000 for each of the year's ending 1978 and 1979.

### SHARE STAKES

Richmond Services Group, London Trust Co. has bought 70,000 Ordinary shares and new holds 1,085,000 Ordinary shares (5.1 per cent.).

Assan-Deans Holdings—Longbourne Holdings has purchased a further 13,000 Ordinary shares and now holds 138,370 Ordinary shares (14.06 per cent.).

Harrons - Investment Trust—Harrons and Crossfields are now interested in 14,548,387 (78.09 per cent.) BVI group.

## DUFAY BITUMASTIC LTD.

GROUP PRELIMINARY STATEMENT  
The Board of DUFAY BITUMASTIC LTD. announces the following audited results of the Group for the year ended 31st December, 1977. The comparative figures for 1976 have been restated to reflect a minor prior year's adjustment.

	12 months to 31.12.1977	12 months to 31.12.1976
Sales	£7000	£7000
Profit before interest and taxation	9,815	9,949
Interest (net)	734	799
Profit before taxation	163	90
Taxation	601	709
Profit after taxation	306	303
Less pre-acquisition profit after taxation	295	406
Profit after taxation	295	401
Extraordinary item	—	52
Profit after taxation and extraordinary item	295	453
Dividend	—	—
Interim 0.7p paid (1976: 0.7p)	65	65
Final 0.9885p proposed (1976: 0.8125p)	91	75
Profit retained	156	140
Earnings per share based on profit after taxation shows above	3.2p	4.3p

The Board recommends a final dividend of 0.9885p per share, making a total for 1977 of 1.6885p (1.5125p for 1976); being the maximum permitted under current Treasury restraints. The Board further recommends that, if the basic rate of income tax 1978/79 is reduced in the Spring Budget, the appropriate permitted increase in dividend should be paid. If approved the final dividend will be paid on 15th May, 1978 to members on the register on 14th April, 1978.

The Board recommends a capitalisation issue on the basis of one ordinary share for every five ordinary shares held by members on the register on 14th April, 1978. Renounceable certificates will be posted to shareholders on 12th May, 1978 and dealings in the new shares are expected to commence on 16th May, 1978. The new shares will rank pari passu with the existing ordinary shares save that the new shares shall not rank for any dividend declared in respect of the year ended 31st December, 1977.

With record sales and profits accruing from the Paints, Printing Inks and Resin Manufacturing Divisions the Board report lower Group sales and profit due entirely to a worldwide collapse in demand for pipeline enamels.

In the Annual Report the Chairman states that "although the outlook for pipeline enamel is unlikely to provide any stimulus in demand during 1978 the other Group Companies should perform well and continue to progress".

Copies of the full report and accounts will be obtainable from: The Secretary, Dufay Bitumastic Limited, Darlington Road, Shildon, Co. Durham DL4 2DP.

## A record 23% growth by Northern Rock



Mr. K.A. Clark, T.D., F.R.I.C.S., Chairman

The greatest year of growth ever recorded by Northern Rock was reported by Mr. K. A. Clark, Chairman of Northern Rock Building Society, in his speech to the Annual General Meeting 28th March, 1978.

The Chairman made the following points. During 1977, Northern Rock...  
**GREW** by over 23% to increase total assets to more than £435 million.  
**OPENED** over 78,000 new investment accounts, bringing the total to 345,000.  
**LENT** £78 million to 10,000 home buyers.  
**EXTENDED** services by opening or improving 8 branches and establishing a permanent Scottish Office in Edinburgh.

**WELCOMED** the members of 4 Building Societies, which merged with Northern Rock during the year.

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**Northern Rock**

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A member of the Building Societies Association

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## Midland Bank-Report 1977:



"Our performance in 1977 reflects the advantages we are gaining from being a Group which provides a wide range of financial services in an increasing number of world markets."

The Rt. Hon. Lord Armstrong of Sanderstead,  
Chairman, Midland Bank Limited.

### Pre-tax profit up from £166.4m to £192.8m

After providing for taxation, minority interests and extraordinary items, the net profit attributable to shareholders was £82.5m. as against £71.7m. The improvement in pre-tax profits was achieved in a year of falling interest rates and in a generally depressed economy with only a modest demand for borrowing in the U.K.

### Treasury consent to 15% dividend increase

Total dividends for 1977 will amount to 14.75p per share (against 12.62p in 1976) equivalent, with the associated tax credits, to 22.35p per share compared with 19.42p per share for 1976.

### Rights issue raises £96.4million

Continued expansion of the Midland Bank and its subsidiaries creates the need for a further strengthening of the Bank's capital base. The recent £96.4 million rights issue comes after some US \$300 million has been raised in the last two and a half years in the eurocurrency market.

### Total advances increase

1977 saw the Midland increase its share of the banking sector's sterling advances, with manufacturing industry, the traditional base of the Bank's business, showing the greatest gain. Industry, however, remained reluctant in 1977 to take up total agreed facilities. The Bank's willingness to provide funds, even at the finest rates, is of little avail without a strong underlying demand in the economy and stable conditions so that customers have the confidence to commit themselves to expansion programmes.

### Finance for smaller businesses

A feature of 1977 has been the general recognition of the importance of small businesses to the economy as a whole. The Midland is well placed to assist this sector.

### Further expansion overseas

The Bank's International Division has enjoyed a further expansion in foreign currency lending and has consolidated its market share. An important factor in developing this side of the Midland's business has been the additional investment in business abroad and continued

extension of overseas representation. In 1977, offices were opened in Cairo, Madrid and Manila while the Tokyo office is due to be upgraded to a full branch in April 1978.

### Specialised finance

Although the overdraft is the traditional form of the Bank's lending, and still remains the most used method of borrowing, constant efforts have been made over the years to adapt services to the changing needs of customers. In particular, there has been a pronounced move from short-term lending to specific medium-term finance and, more recently, to the provision of equity finance.

### The Nationalisation Debate

The Bank joined the other London and Scottish banks in sponsoring a publicity campaign designed to increase public awareness that the Labour Party had formally adopted plans to nationalise the largest four clearing banks. During the campaign over 50,000 members of the public accepted the invitation to write in expressing a view on the issue. 90% were opposed to nationalisation.

### A loyal worldwide staff

The Group now employs almost 65,000 people around the world and it is through their efforts and skill that we have earned a reputation which we believe to be second to none.

### 1977 Group Results in Brief

	£000's
Profit before taxation	192,830
Taxation	104,915
Attributable profit (after extraordinary items and minority interests)	82,470
Shareholders' dividends	20,066
Retained profit	62,404

If you would like a copy of Lord Armstrong's full Statement and the Report for 1977, please write to:- The Secretary, Midland Bank Limited, Head Office, 27 Foulery, London EC2P 2BX.



# Midland Bank Group



# Dufay Bitumastic down

DESPITE ITS paints, printing inks and resin manufacturing divisions achieving record sales and profits for 1977, Dufay Bitumastic reports lower pre-tax profits of £261,000 compared with £709,999 last time, due entirely to a world-wide collapse in demand for pipeline enamels. At half-time, with profits down from £377,000 to £208,000, the directors said that second-half results should not prove to be less than those of the first half.

Although the outlook for pipeline enamels is unlikely to provide any stimulus in demand during 1978, the directors say that the group's other subsidiaries should perform well and continue to progress.

Stated earnings per 10p share are 2.2p (4.3p) and the dividend is lifted to 1.88p (1.125p) with a net final of 0.98p (0.8p). The directors say that if the 1978/79 tax rate is reduced then the appropriate permitted increase in dividend should be paid. Also proposed is a one-for-five scrip issue.

Sales of subsidiary Dufay

Titanium rose from £3.7m to £6.0m, and pre-tax profits advanced from £274,000 to £430,000, after interest of £94,000 (£82,000). Tax took £220,000 against £134,000, and the amount retained came out at £150,000 (£192,000). There was an extraordinary credit last time of £32,000. The final dividend cost £200,000 (nil). Figures for 1978 have been re-stated.

1977 1978  
Sales 1,175 1,313  
Pre-tax profit 601 709  
Tax 342 220  
Extra-ord. credit 32 0  
Retained 150 192  
Pre-acquisition net profit 175 208

## SHARE STAKES

Style Shoes—Mr. R. P. Ziff has disposed of 69,218 Ordinary shares which were previously held as a trustee.

Drake and Scull Holdings—Mr. C. M. Scull, director, disposed of 100,000 Ordinary shares at 25p.

London and Strathely Trust—

## NOTICE OF REDEMPTION

### OTIS ELEVATOR INTERNATIONAL CAPITAL CORP.

(now Otis Elevator Company)

8 3/4% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1970 providing for the above Debentures, said Debentures aggregating \$3,000,000 principal amount bearing the following serial numbers have been selected for redemption on May 1, 1978 \$1,500,000 principal amount through operation of the mandatory Sinking Fund and \$1,500,000 principal amount through operation of the optional Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with interest accrued and unpaid to said date:

#### DEBENTURES OF \$1,000 EACH

36-14	1177	2871	3343	4676	5853	7141	8312	9521	10684	11929	13197	14393	15618	16883	17289	19006
14	1178	2881	3347	4681	5859	7145	8315	9524	10687	11932	13200	14406	15631	16896	17302	19019
15	1179	2882	3348	4682	5860	7146	8316	9525	10688	11933	13201	14407	15632	16897	17303	19020
16	1180	2883	3349	4683	5861	7147	8317	9526	10689	11934	13202	14408	15633	16898	17304	19021
17	1181	2884	3350	4684	5862	7148	8318	9527	10690	11935	13203	14409	15634	16899	17305	19022
18	1182	2885	3351	4685	5863	7149	8319	9528	10691	11936	13204	14410	15635	16900	17306	19023
19	1183	2886	3352	4686	5864	7150	8320	9529	10692	11937	13205	14411	15636	16901	17307	19024
20	1184	2887	3353	4687	5865	7151	8321	9530	10693	11938	13206	14412	15637	16902	17308	19025
21	1185	2888	3354	4688	5866	7152	8322	9531	10694	11939	13207	14413	15638	16903	17309	19026
22	1186	2889	3355	4689	5867	7153	8323	9532	10695	11940	13208	14414	15639	16904	17310	19027
23	1187	2890	3356	4690	5868	7154	8324	9533	10696	11941	13209	14415	15640	16905	17311	19028
24	1188	2891	3357	4691	5869	7155	8325	9534	10697	11942	13210	14416	15641	16906	17312	19029
25	1189	2892	3358	4692	5870	7156	8326	9535	10698	11943	13211	14417	15642	16907	17313	19030
26	1190	2893	3359	4693	5871	7157	8327	9536	10699	11944	13212	14418	15643	16908	17314	19031
27	1191	2894	3360	4694	5872	7158	8328	9537	10700	11945	13213	14419	15644	16909	17315	19032
28	1192	2895	3361	4695	5873	7159	8329	9538	10701	11946	13214	14420	15645	16910	17316	19033
29	1193	2896	3362	4696	5874	7160	8330	9539	10702	11947	13215	14421	15646	16911	17317	19034
30	1194	2897	3363	4697	5875	7161	8331	9540	10703	11948	13216	14422	15647	16912	17318	19035
31	1195	2898	3364	4698	5876	7162	8332	9541	10704	11949	13217	14423	15648	16913	17319	19036
32	1196	2899	3365	4699	5877	7163	8333	9542	10705	11950	13218	14424	15649	16914	17320	19037
33	1197	2900	3366	4700	5878	7164	8334	9543	10706	11951	13219	14425	15650	16915	17321	19038
34	1198	2901	3367	4701	5879	7165	8335	9544	10707	11952	13220	14426	15651	16916	17322	19039
35	1199	2902	3368	4702	5880	7166	8336	9545	10708	11953	13221	14427	15652	16917	17323	19040
36	1200	2903	3369	4703	5881	7167	8337	9546	10709	11954	13222	14428	15653	16918	17324	19041
37	1201	2904	3370	4704	5882	7168	8338	9547	10710	11955	13223	14429	15654	16919	17325	19042
38	1202	2905	3371	4705	5883	7169	8339	9548	10711	11956	13224	14430	15655	16920	17326	19043
39	1203	2906	3372	4706	5884	7170	8340	9549	10712	11957	13225	14431	15656	16921	17327	19044
40	1204	2907	3373	4707	5885	7171	8341	9550	10713	11958	13226	14432	15657	16922	17328	19045
41	1205	2908	3374	4708	5886	7172	8342	9551	10714	11959	13227	14433	15658	16923	17329	19046
42	1206	2909	3375	4709	5887	7173	8343	9552	10715	11960	13228	14434	15659	16924	17330	19047
43	1207	2910	3376	4710	5888	7174	8344	9553	10716	11961	13229	14435	15660	16925	17331	19048
44	1208	2911	3377	4711	5889	7175	8345	9554	10717	11962	13230	14436	15661	16926	17332	19049
45	1209	2912	3378	4712	5890	7176	8346	9555	10718	11963	13231	14437	15662	16927	17333	19050
46	1210	2913	3379	4713	5891	7177	8347	9556	10719	11964	13232	14438	15663	16928	17334	19051
47	1211	2914	3380	4714	5892	7178	8348	9557	10720	11965	13233	14439	15664	16929	17335	19052
48	1212	2915	3381	4715	5893	7179	8349	9558	10721	11966	13234	14440	15665	16930	17336	19053
49	1213	2916	3382	4716	5894	7180	8350	9559	10722	11967	13235	14441	15666	16931	17337	19054
50	1214	2917	3383	4717	5895	7181	8351	9560	10723	11968	13236	14442	15667	16932	17338	19055
51	1215	2918	3384	4718	5896	7182	8352	9561	10724	11969	13237	14443	15668	16933	17339	19056
52	1216	2919	3385	4719	5897	7183	8353	9562	10725	11970	13238	14444	15669	16934	17340	19057
53	1217	2920	3386	4720	5898	7184	8354	9563	10726	11971	13239	14445	15670	16935	17341	19058
54	1218	2921	3387	4721	5899	7185	8355	9564	10727	11972	13240	14446	15671	16936	17342	19059
55	1219	2922	3388	4722	5900	7186	8356	9565	10728	11973	13241	14447	15672	16937	17343	19060
56	1220	2923	3389	4723	5901	7187	8357	9566	10729	11974	13242	14448	15673	16938	17344	19061
57	1221	2924	3390	4724	5902	7188	8358	9567	10730	11975	13243	14449	15674	16939	17345	19062
58	1222	2925	3391	4725	5903	7189	8359	9568	10731	11976	13244	14450	15675	16940	17346	19063
59	1223	2926	3392	4726	5904	7190	8360	9569	10732	11977	13245	14451	15676	16941	17347	19064
60	1224	2927	3393	4727	5905	7191	8361	9570	10733	11978	13246	14452	15677	16942	17348	19065
61	1225	2928	3394	4728	5906	7192	8362	9571	10734	11979	13247	14453	15678	16943	17349	19066
62	1226	2929	3395	4729	5907	7193	8363	9572	10735	11980	13248	14454	15679	16944	17350	19067
63	1227	2930	3396	4730	5908	7194	8364	9573	10736	11981	13249	14455	15680	16945	17351	19068
64	1228	2931	3397	4731	5909	7195	8365	9574	10737	11982	13250	14456	15681	16946	17352	19069
65	1229	2932	3398	4732	5910	7196	8366	9575	10738	11983	13251	14457	15682	16947	17353	19070
66	1230	2933	3399	4733	5911	7197	8367	9576	10739	11984	13252	14458	15683	16948	17354	19071
67	1231	2934	3400	4734	5912	7198	8368	9577	10740	11985	13253	14459	15684	16949	17355	19072
68	1232	2935	3401	4735	5913	7199	8369	9578	10741	11986	13254	14460	15685	16950	17356	19073
69	1233	2936	3402	4736	5914	7200	8370	9579	10742	11987	13255	14461	15686	16951	17357	19074
70	1234	2937	3403	4737	5915	7201	8371	9580	10743	11988	13256	14462	15687	16952	17358	19075
71	1235	2938	3404	4738	5916	7202	8372	9581	10744	11989	13257	14463	15688	16953	17359	19076
72	1236	2939	3405	4739	5917	7203	8373	9582	10745	11990	13258	14464	15689	16954	17360	19077
73	1237	2940	3406	4740	5918	7204	8374	9583	10746	11991	13259	14465	15690	16955	17361	19078
74	1238	2941	3407	4741	5919	7205	8375	9584	10747	11992	13260	14466	15691	16956	17362	19079
75	1239	2942	3408	4742	5920	7206	8376	9585	10748	11993	13261	14467	15692	16957	17363	19080
76	1240	2943	3409	4743	5921	7207	8377	9586	10749	11994	13262	14468	15693	16958	17364	19081
77	1241	2944	3410	4744	5922	7208	8378	9587	10750	11995	13263	14469	15694	16959	17365	19082
78	1242	2945	3411	4745	5923	7209	8379	9588	10751	11996	13264	14470	15695	16960	17366	19083
79	1243	2946	3412	4746	5924	7210	8380	9589	10752	11997	13265	14471	15696	16961	17367	19084
80	1244	2947	3413	4747	5925	7211	8381	9590	10753	11998	13266	14472	15697	16962	17368	19085
81	1245	2948	3414	4748	5926	7212	8382	9591	10754	11999	13267	14473	15698	16963	17369	19086
82	1246	2949	3415	4749	5927	7213	8383	9592	10755	12000	13268	14474	15699	16964	17370	19087
83	1247	2950	3416	4750	5928	7214	8384	9593	10756	12001	13269	14475	15700	16965	17371	19088
84	1248	2951	3417	4751	5929	7215	8385	9594	10757	12002	13270	14476	15701	16966	17372	19089
85	1249	2952	3418	4752	5930	7216	8386	9595	10758	12003	13271	14477	15702	16967	17373	19090
86	1250	2953	3419	4753	5931	7217	8387	9596	10759	12004	13272	14478	15703	16968	17374	19091
87	1251	2954	3420	4754	5932	7218	8388	9597	10760	12005	13273	14479	15704	16969	17375	19092
88	1252	2955	3421	4755	5933	7219	8389	9598	10761	12006	13274	14480	15705	16970	17376	1



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## AMC to consolidate car production

BY JOHN WYLES

AMERICAN Motors Corporation is to consolidate all of its North American car production at its single Wisconsin plant so that it can devote its facilities at Brampton, Ontario to meeting demand for Jeep utility vehicles.

The move should help contain costs from the company's ailing passenger car operations, and at the same time increase the earnings potential of its Jeep subsidiary which is riding high on the back of the booming demand for the U.S. for utility vehicles or private use.

From the end of the summer of 1976, AMC's passenger car production will be concentrated at Kenosha, Wisconsin plant which has been increasingly under-utilised as the company's sales have slumped over the past few years. In the 1960s, Kenosha was producing around 400,000

cars a year but last year it turned out a little over 150,000 and 2,000 of its 9,000 strong labour force have been on indefinite lay-off.

The Brampton plant, which employs 1,600 workers will be capable of producing 50,000 Jeep vehicles a year.

With losses from car operations running at an estimated \$90m. a year, AMC's future in the passenger car market has been in doubt for some time. In the last few days the company has disclosed that it is seeking Federal Government guarantees for \$100m. of loans it needs for future model development and if this is not forthcoming, the company's lenders may be driven to take a less tolerant view of what increasingly seems to be a financial abattoir.

However, the car operations could not be abandoned without severely damaging the costs of

Jeep production, since AMC's Kenosha engine plant manufactures for both types of vehicle, which also share tooling costs and other expenses.

Moreover, although AMC's dealers are increasingly unable to afford to lose the associated car business.

Since AMC acquired Jeep in 1970, sales have risen fourfold to 117,000 units last year, and 133,000 are expected to be delivered in 1978. Unofficial estimates put the subsidiary's earnings contribution at around \$80m. last year which, together with military vehicles, buses and gardening equipment, is enabling AMC to turn a small profit.

AMC says it is still exploring "abandonment" prospects with a number of foreign manufacturers and the company's hope is that an arrangement could be made which would turn over

some of Kenosha's spare capacity to an outside manufacturer and also give additional sales volume to its dealer network.

The name of Peugeot, the French manufacturer has been commonly mentioned as a possible "affiliate" but the French company has been publicly cool on the idea and many observers would not be surprised if an arrangement were eventually negotiated with a Japanese manufacturer.

Meanwhile, AMC has removed some immediate pressure on its balance sheet by abandoning plans to build a new plant to manufacture a Volkswagen engine under licence and by rescheduling debt repayments with its lenders. The lending agreement channelled more funds to the profitable non-car operations and partially deferred repayment of a \$25m. short term loan due this year.

NEW YORK, March 28.

## More layoffs planned by Massey Ferguson

TORONTO, March 28. MASSEY-FERGUSON the farm machinery producer says that because of reduced demand for its products it has scheduled additional layoffs at its Toronto and Bramford, Ontario, plants.

At Toronto 500 hourly-paid workers will be laid off for the last two weeks in April in addition to the 723 currently on layoff.

The Toronto plant employs 1,221 hourly workers. In Bramford, 600 workers will be laid off at the implementation plant for four weeks in April in addition to 1,000 currently on layoff.

Another 400 will be laid off from the foundry for one week in April, in addition to 100 currently on layoff.

The total on layoff for both units will rise from the present \$50 to a peak of 2,400 during the last week of April from a total workforce of 5,500 hourly workers in Canada. All but the \$50 on indefinite layoff will return to work on May 1.

AP-DJ

## Setback in bond market as inflation fears grows

BY STEWART FLEMING

NEW YORK, March 28.

GROWING CONCERN on Wall Street about the inflationary outlook, evidence of increasing credit demands and continued anxiety about the dollar on foreign exchange markets, provoked a sharp decline in bond prices yesterday. Short term interest rates also showed signs of rising.

The abrupt movement in the credit markets follows several weeks during which interest rates have been in a state of equilibrium after an upward movement in January when the Federal Reserve moved to support the dollar by raising the discount rate.

But last week several factors combined to create unease. The new Federal Reserve Board chairman, Mr. William Miller, warned that the Fed might have to tighten credit if the forces at work currently to increase the rate of inflation continue to do so. The Fed also revised its money supply data, indicating that in 1977 and the early part of 1978 both the narrow M1 measure, which includes

checking accounts and currency, and the broader M2 measure which includes bank deposit accounts, rose faster than previously reported.

The upward revision of the money supply data—M1 growth in 1977 was adjusted from 7.4 per cent to 7.8 per cent—will reinforce the fears of those who argue that last year's growth was spawning new inflationary pressures. These anxieties are reinforced by the growing suspicion that the Carter administration is uncertain about how to stiffen its anti-inflationary policy.

Analysts also suggest that the economy is now in the process of rebounding from the sluggish growth they expect to be reported in the first quarter and that this trend will intensify credit demands.

On Friday of last week, in the wake of the revision of the money supply data, bond prices began to fall, and yesterday there were further declines. The Federal Reserve inter-

vened to ease upward pressure on the Fed funds rate, which confirmed to some traders the belief that so far at least the authorities have not moved to tighten credit from the current Fed funds target weekly average of around 6 1/2 per cent.

But corporate bond prices fell between 1 and 1 1/2 point and longer dated Treasury securities 10-32nds = 14-32nds. Short dated Treasury issues, which have been buoyed up by foreign central bank purchases with funds they have taken in supporting the dollar, also declined.

Bond dealers were reported to have taken losses on unsold portions of some recent issues. The \$750m. of securities sold last week to raise funds for Canada were marked down as much as 1/2 of a point. The 8 per cent bonds of 1983 fell to 99 1/2 compared with an issue price of 100.20. The 8 1/2 per cent bonds of 1985, initially sold at 100 fell to around 99 1/4 and the \$1 bonds of 1988, originally priced at 99 1/4, fell to 99.

## Conoco says coal strike hit earnings

CONTINENTAL Oil Co.'s estimate of first quarter 1978 net earnings, from 18 cents to 5 cents a share, or from \$32m. to \$50m., compared with 17 cents a share in 1977. The reduction, due to the coal strike, agencies report.

The strike caused a loss from oil operations of \$35m. to \$60m. in 1978, compared with a 1977 quarter profit of \$25.3m. The company said, however, that petroleum, chemicals and minerals operations are expected to show an improvement in earnings over the same year ago period.

## Campbell Chain bid

Indehaker-Worthington's cash offer of \$1.50 for Campbell Chain shares has been extended April 24, reports AP-DJ from New York. As of Monday's close, business, about 706,000 shares, 70.4 per cent, of Campbell Chain stock, excluding about 230 shares tendered under guarantee arrangements, had been tendered by the public and all accepted by Indehaker-Worthington. This will increase Indehaker-Worthington's ownership of Campbell Chain to about 80 per cent.

## T &amp; T sued

Southern Pacific's communications subsidiary has filed a civil suit against American Telephone and Telegraph for allegedly attempting to monopolize telecommunications services. Reuter reports from San Francisco. The suit, filed in federal district court in Washington, DC, seeks treble damages, northern Pacific said. The company added that damages since northern Pacific became an AT & T competitor in 1973 may now be as high as \$200m. The suit seeks an order to prevent T & T from continuing its alleged anti-competitive conduct.

## Williams fined over payments

THE JUSTICE Department's 18-month investigation of foreign payments by U.S. companies has barred its first corporate victim, Williams, the Tulsa-based diversified fertilizer and energy company, pleaded guilty in Federal Court here to criminal charges arising from its payment of a \$177,000 bribe to a foreign Government official. The company was fined \$21,000 for criminal violations of wire fraud and currency transaction statutes, and agreed to pay a civil penalty of \$177,000, an amount equal to the bribe.

Williams agreed to plead guilty to the charges as part of a plea bargaining arrangement worked out with the Justice Department. In exchange, the Government agreed not to disclose the identity of the foreign Government or the foreign officials involved.

Justice Department officials said they will not necessarily agree in future cases involving other U.S. companies to keep the identity of the foreign country involved secret. "Under the circumstances, it didn't appear to us to be something warranted in the case of Williams," a Department official said.

According to the criminal information filed under the plea bargaining arrangement, the violation began in March, 1975, when Williams teleaxed a message to an agent of the foreign official. The following month, according to the Court filing, one of the

company's officers carried \$177,000 in cash through Kennedy International Airport in New York to the foreign country without filling out required currency transaction forms for the Treasury Department. Such forms must be submitted when persons carry more than \$5,000 cash into or out of the country.

The Justice Department's task force investigating overseas payoffs by multinational corporations is preparing cases against a dozen or more companies that may have violated statutes other than U.S. tax laws. The investigation involving Williams included a Grand Jury, the SEC and special agents of the Customs Service.

AP-DJ

## Zenith Radio confident of recovery

BY JOHN LEECH

CHICAGO, March 28.

THE TROUBLED Zenith Radio Corporation, which last year lost \$4.1m. compared with a \$38.6m. profit in 1976, is still trying to be optimistic about the future.

In the company's latest annual report, chairman Mr. John Newlin and president, Mr. R. W. Kluckman, say they believe there is "considerable reason" for this. They blame last year's loss on charges associated with cost-cutting operations including the

decision to transfer part of its television manufacturing to Mexico and Taiwan. The report says the company is now confident the cost reductions will produce the desired results and that there will be progress in reducing what it regards as "unfair trade practices."

This is thought to refer to the U.S. Supreme Court decision to hear Zenith's controversial claim calling for special duties on Japanese imports to offset "subsidies" paid by the Japanese Government.

Zenith experts first-quarter profits to fall below the 33 cents a share level of last year, but the report says the February decision to maintain the 25-cent quarterly dividend reflected their confidence in the success of the recovery programme. The dividend will be reviewed again in May.

## Gamble-Skogmo hopes to reverse slide

MINNEAPOLIS, March 28.

GAMBLE-SKOGMO expects to reverse a three-year trend of declining earnings in the fiscal year ending next January, says Mr. Wayne E. Matuschul, company president. The sharp improvement in operations evident during the final three months of fiscal 1978

is being extended thus far in the current quarter. Mr. Matuschul did not predict earnings for the current period but observed that provided Canadian currency losses do not kill us, we'll make money. In the quarter ended April 30, 1977, a \$2.4m. loss was incurred on sales of \$376.8m.

In the fiscal year ended January 31, 1976, the diversified retailer earned \$4.82. Helped by a strong fourth quarter, Gamble-Skogmo earned \$9.8m. equal to \$2.05 a share, in the year to January, with the fourth quarter contributing \$6.2m. or \$1.87.

AP-DJ

## U.S. affiliates lift spending

WASHINGTON, March 28. MAJORITY-OWNED foreign subsidiaries of U.S. firms plans to increase capital expenditures 16 per cent in 1978 to \$31.5bn., the Commerce Department reports.

The increase follows a 10 per cent increase last year and is widespread among countries and industries and partly reflects expectations for continued moderate economic growth abroad the Department said.

Petroleum affiliates plan a 12 per cent increase for the year to \$11.7bn. compared with a 17 per cent increase in 1977. The increase is accounted for mainly by exploration and development in the North Sea area and in several African countries.

Manufacturing concerns plan to increase expenditures 15 per cent, to \$13.7bn., compared with an 11 per cent increase in 1977. Mining and smelting affiliates plan a 1 per cent increase in spending this year following a 24 per cent decrease in 1977.

Trade affiliates plan an 11 per cent decrease following a 23 per cent increase last year.

AP-DJ

## Sears plans fewer promotions

CHICAGO, March 28.

SEARS, Roebuck, which last week reported unexpected lower fourth quarter earnings, is reducing the scope of its price-cutting programme.

The company's future promotions are not going to be as frequent, or long, or quite as deep," Mr. Jack F. Kincannon, senior vice-president, finance, states.

Sears' aggressive price cutting

was the chief reason given for the fourth quarter earnings decline. While sales rose 13 per cent to \$60m., earnings fell 20 per cent to \$251.5m. or 78 cents a share, from the year-earlier \$312.5m. or 98 cents a share. Earnings for the full year ended January 31 increased 21 per cent to \$836m. or \$2.62 a share, from \$694.1m. or \$2.18 a share.

Mr. Kincannon said that Sears

price promotions in January, mainly on durables and home-improvement items, were "too deep, too long, and too frequent." Larger markdowns cost the retailer about \$62.8m. in pretax operating profit in the fourth period.

Mr. Kincannon acknowledged that first quarter earnings will be under pressure.

AP-DJ

## EUROBONDS

## Little change in Deutsche-Mark sector

BY MARY CAMPBELL

PRICES in the D-Mark sector were more or less unchanged yesterday. Dollar bonds fell slightly on a quarter of a point under the impact of the fall in the dollar on the foreign exchange market and the slight of a point rise in Eurodollar interest rates. Sterling bonds also fell—by as much as half or three-quarters of a point in some cases. Dealers attributed this to the impact of the news of the Whitebread issue on an already over-saturated market.

American Express inter-

national Banking Corporation is raising \$40m. via a financing subsidiary in the form of a floating rate note issue. The maturity is five years, unless extended at the noteholder's option by a further three years. A margin of a quarter of a point over inter-bank rates (LIBOR) is payable but there is no minimum rate. Lead managers are European Banking Company and Amex Bank.

The terms of the Whitebread issue, which is for \$18m., not \$20m., as had been widely

expected, will include a 104 per cent coupon for a 12-year maturity (average life 9 1/2 years). The bonds will be priced at par (100 per cent of face value). As in the case of sterling issues for the European Investment Bank and Finance for Industry, the issue has been underwritten by the management group and there will be a separate underwriting group. The bonds will however be available to the market generally via a selling group. Klamart Benson is lead manager.

This announcement appears as a matter of record only.



## Jugoslovenski Aerotransport

Guaranteed by

## Beogradska Banka

Managed by

## Chemical Bank

Provided by

Chemical Bank

United California Bank

Banque Canadienne Nationale  
New York Agency

First National Bank in St. Louis

The Mitsui Bank Limited

Los Angeles Agency

Union Bank of Switzerland

New York Branch

Daiwa Bank Trust Company

The Taiyo Kobe Bank, Limited

New York Branch

and partially guaranteed by

## Export-Import Bank of the United States

Agent

CHEMICAL BANK

## U.S. \$34,000,000 Medium Term Financing

## Jugoslovenska Investiciona Banka

## United California Bank

Dresdner Bank AG

Los Angeles Branch

The Mitsubishi Trust and

Banking Corporation

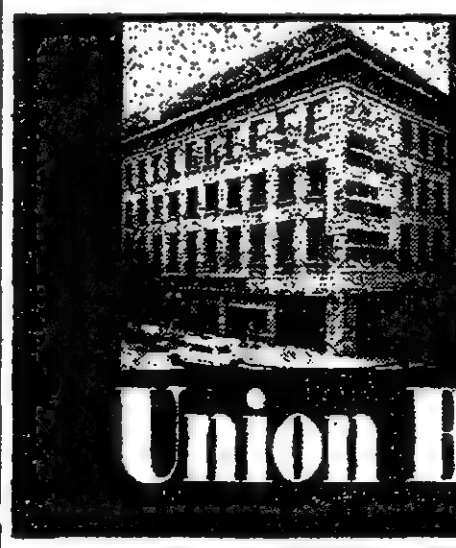
New York Branch

The Royal Bank and Trust Company

American Security Bank, N.A.

National Bank of Detroit

Tokai Bank of California



## 1977: Another year of sound growth for Union Bank of Switzerland

## Good Earnings

The Profit and Loss Account closed with a net profit of Fr. 266 million, an increase of Fr. 32 million over the preceding year. The contributions of the various sectors of operations to another very satisfactory earnings result varied considerably. Thanks to the employment of larger amounts of capital, interest earnings, which also include income from bills and money market paper, increased by Fr. 67 million over 1976 to reach Fr.

2.8%. Management and personnel costs accounted for Fr. 26 million of the operating expenses and business and office expenses for Fr. 30 million.

## Steady Balance Sheet Growth

In 1977, the total assets displayed a gain of Fr. 3.5 billion, or 6.6% to Fr. 56.1 billion. Deposits increased by Fr. 2 billion to Fr. 48.9 billion. The cautious policy we adopted in regard to the acceptance of funds from other banks as well as the drop in the value

increased, with medium and longer-term funds accounting for the major portion of this item. Savings and deposit accounts showed an especially marked advance of Fr. 1.1 billion, or 12.3%. The percentage gain was even more pronounced in the case of medium-term notes, which rose by 13.8%, or Fr. 655 million, to Fr. 5.4 billion. Long-term capital was obtained by the Bank through two bond issues of Fr. 100 million each, thus bringing the total amount of UBS bond issues outstanding to Fr. 813 million at the end of the year.

## Balance Sheet Figures

	1976	1977
	in mill. Sw. Frs.	
Total Assets	52 651	56 119
Customer Deposits	29 617	32 014
Bank Deposits	17 252	16 871
Loans to Customers	20 920	23 496
Loans to Banks	19 770	21 502
Net Profit	234	266
Capital Resources		
(Share Capital and Reserves)	3 229	3 535

604 million despite lower margins. Income from dealing in foreign exchange and precious metals came to Fr. 138 million, compared to Fr. 142 million in 1976. Income from securities operations remained on the whole at about the same level as in 1976, although declines were recorded in certain sectors, such as stock exchange trading and underwriting. The increase in commission income of Fr. 39 million to Fr. 529 million can be attributed mainly to the larger letter of credit volume.

Consistent cost controls also contributed to the positive overall result. An increase in income of 3.6% compared to a rise in expenses of merely

of the dollar reduced balances due to banks by Fr. 381 million to Fr. 16.9 billion. Rising by a total of Fr. 2.4 billion, non-bank deposits again in-

## Strong Capital Resources

On the assets side of the Balance Sheet, total lendings by our Bank advanced by Fr. 2.57 billion. Of this growth, mortgage loans accounted for approximately Fr. 1 billion. Balances due from banks increased by Fr. 1.7 billion to Fr. 21.5 billion. At Fr. 2.6 billion, the securities portfolio displayed almost no change over the previous year. The book value of permanent participations rose by Fr. 72 million and that of Bank premises and other real estate holdings by Fr. 142 million. After the increase in the share capital of Fr. 50 million to Fr. 1,100 million, the Bank's capital resources will be approximately Fr. 3.7 billion.



Union Bank of Switzerland



Notice of Redemption

Rockwell International Corporation

(Formerly North American Rockwell Overseas Corporation)

7 1/2 % Guaranteed Notes due 1979

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of May 1, 1972 under which the above described Notes were issued, First National City Bank, (now Citibank, N.A.) as Fiscal Agent, has drawn by lot, for redemption on May 1, 1978 through the operation of the sinking fund provided for in the said Fiscal Agency Agreement \$2,765,000 principal amount of Notes of the said issue of the following distinctive numbers:

COUPON NOTES OF \$1,000. PRINCIPAL AMOUNT OUTSTANDING									
14	1224	2054	4415	6147	6050	7989	8206	9728	10435
15	1225	2055	4416	6148	6051	7990	8207	9729	10436
16	1226	2056	4417	6149	6052	7991	8208	9730	10437
17	1227	2057	4418	6150	6053	7992	8209	9731	10438
18	1228	2058	4419	6151	6054	7993	8210	9732	10439
19	1229	2059	4420	6152	6055	7994	8211	9733	10440
20	1230	2060	4421	6153	6056	7995	8212	9734	10441
21	1231	2061	4422	6154	6057	7996	8213	9735	10442
22	1232	2062	4423	6155	6058	7997	8214	9736	10443
23	1233	2063	4424	6156	6059	7998	8215	9737	10444
24	1234	2064	4425	6157	6060	7999	8216	9738	10445
25	1235	2065	4426	6158	6061	8000	8217	9739	10446
26	1236	2066	4427	6159	6062	8001	8218	9740	10447
27	1237	2067	4428	6160	6063	8002	8219	9741	10448
28	1238	2068	4429	6161	6064	8003	8220	9742	10449
29	1239	2069	4430	6162	6065	8004	8221	9743	10450
30	1240	2070	4431	6163	6066	8005	8222	9744	10451
31	1241	2071	4432	6164	6067	8006	8223	9745	10452
32	1242	2072	4433	6165	6068	8007	8224	9746	10453
33	1243	2073	4434	6166	6069	8008	8225	9747	10454
34	1244	2074	4435	6167	6070	8009	8226	9748	10455
35	1245	2075	4436	6168	6071	8010	8227	9749	10456
36	1246	2076	4437	6169	6072	8011	8228	9750	10457
37	1247	2077	4438	6170	6073	8012	8229	9751	10458
38	1248	2078	4439	6171	6074	8013	8230	9752	10459
39	1249	2079	4440	6172	6075	8014	8231	9753	10460
40	1250	2080	4441	6173	6076	8015	8232	9754	10461
41	1251	2081	4442	6174	6077	8016	8233	9755	10462
42	1252	2082	4443	6175	6078	8017	8234	9756	10463
43	1253	2083	4444	6176	6079	8018	8235	9757	10464
44	1254	2084	4445	6177	6080	8019	8236	9758	10465
45	1255	2085	4446	6178	6081	8020	8237	9759	10466
46	1256	2086	4447	6179	6082	8021	8238	9760	10467
47	1257	2087	4448	6180	6083	8022	8239	9761	10468
48	1258	2088	4449	6181	6084	8023	8240	9762	10469
49	1259	2089	4450	6182	6085	8024	8241	9763	10470
50	1260	2090	4451	6183	6086	8025	8242	9764	10471
51	1261	2091	4452	6184	6087	8026	8243	9765	10472
52	1262	2092	4453	6185	6088	8027	8244	9766	10473
53	1263	2093	4454	6186	6089	8028	8245	9767	10474
54	1264	2094	4455	6187	6090	8029	8246	9768	10475
55	1265	2095	4456	6188	6091	8030	8247	9769	10476
56	1266	2096	4457	6189	6092	8031	8248	9770	10477
57	1267	2097	4458	6190	6093	8032	8249	9771	10478
58	1268	2098	4459	6191	6094	8033	8250	9772	10479
59	1269	2099	4460	6192	6095	8034	8251	9773	10480
60	1270	2100	4461	6193	6096	8035	8252	9774	10481
61	1271	2101	4462	6194	6097	8036	8253	9775	10482
62	1272	2102	4463	6195	6098	8037	8254	9776	10483
63	1273	2103	4464	6196	6099	8038	8255	9777	10484
64	1274	2104	4465	6197	6100	8039	8256	9778	10485
65	1275	2105	4466	6198	6101	8040	8257	9779	10486
66	1276	2106	4467	6199	6102	8041	8258	9780	10487
67	1277	2107	4468	6200	6103	8042	8259	9781	10488
68	1278	2108	4469	6201	6104	8043	8260	9782	10489
69	1279	2109	4470	6202	6105	8044	8261	9783	10490
70	1280	2110	4471	6203	6106	8045	8262	9784	10491
71	1281	2111	4472	6204	6107	8046	8263	9785	10492
72	1282	2112	4473	6205	6108	8047	8264	9786	10493
73	1283	2113	4474	6206	6109	8048	8265	9787	10494
74	1284	2114	4475	6207	6110	8049	8266	9788	10495
75	1285	2115	4476	6208	6111	8050	8267	9789	10496
76	1286	2116	4477	6209	6112	8051	8268	9790	10497
77	1287	2117	4478	6210	6113	8052	8269	9791	10498
78	1288	2118	4479	6211	6114	8053	8270	9792	10499
79	1289	2119	4480	6212	6115	8054	8271	9793	10500
80	1290	2120	4481	6213	6116	8055	8272	9794	10501
81	1291	2121	4482	6214	6117	8056	8273	9795	10502
82	1292	2122	4483	6215	6118	8057	8274	9796	10503
83	1293	2123	4484	6216	6119	8058	8275	9797	10504
84	1294	2124	4485	6217	6120	8059	8276	9798	10505
85	1295	2125	4486	6218	6121	8060	8277	9799	10506
86	1296	2126	4487	6219	6122	8061	8278	9800	10507
87	1297	2127	4488	6220	6123	8062	8279	9801	10508
88	1298	2128	4489	6221	6124	8063	8280	9802	10509
89	1299	2129	4490	6222	6125	8064	8281	9803	10510
90	1300	2130	4491	6223	6126	8065	8282	9804	10511
91	1301	2131	4492	6224	6127	8066	8283	9805	10512
92	1302	2132	4493	6225	6128	8067	8284	9806	10513
93	1303	2133	4494	6226	6129	8068	8285	9807	10514
94	1304	2134	4495	6227	6130	8069	8286	9808	10515
95	1305	2135	4496	6228	6131	8070	8287	9809	10516
96	1306	2136	4497	6229	6132	8071	8288	9810	10517
97	1307	2137	4498	6230	6133	8072	8289	9811	10518
98	1308	2138	4499	6231	6134	8073	8290	9812	10519
99	1309	2139	4500	6232	6135	8074	8291	9813	10520
100	1310	2140	4501	6233	6136	8075	8292	9814	10521
101	1311	2141	4502	6234	6137	8076	8293	9815	10522
102	1312	2142	4503	6235	6138	8077	8294	9816	10523
103	1313	2143	4504	6236	6139	8078	8295	9817	10524
104	1314	2144	4505	6237	6140	8079	8296	9818	10525
105	1315	2145	4506	6238	6141	8080	8297	9819	10526
106	1316	2146	4507	6239	6142	8081	8298	9820	10527
107	1317	2147	4508	6240	6143	8082	8299	9821	10528
108	1318	2148	4509	6241	6144	8083	8300	9822	10529
109	1319	2149	4510	6242	6145	8084	8301	9823	10530
110	1320	2150	4511	6243	6146	8085	8302	9824	10531
111	1321	2151	4512	6244	6147	8086	8303	9825	10532
112	1322	2152	4513	6245	6148	8087	8304	9826	10533
113	1323	2153	4514	6246	6149	8088	8305	9827	10534
114	1324	2154	4515	6247	6150	8089	8306	9828	10535
115	1325	2155	4516	6248	6151	8090	8307	9829	10536
116	1326	2156	4517	6249	6152	8091	8308	9830	10537
117	1327	2157	4518	6250	6153	8092	8309	9831	10538
118	1328	2158	4519	6251	6154	8093	8310	9832	10539
119	1329	2159	4520	6252	6155	8094	8311	9833	10540
120	1330	2160	4521	6253	6156	8095	8312	9834	10541
121	1331	2161	4522	6254	6157	8096	8313	9835	10542
122	1332	2162	4523	6255	6158	8097	8314	9836	10543
123	1333	2163	4524	6256	6159	8098	8315	9837	10544
124	1334	2164	4525	6257	6160	8099	8316	9838	10545
125	1335	2165	4526	6258	6161	8100	8317	9839	10546
126	1336	2166	4527	6259	6162	8101	8318	9840	10547
127	1337	2167	4528	6260	6163	8102	8319	9841	10548
128	1338	2168	4529	6261	6164	8103	8320	9842	10549
129	1339	2169	4530	6262	6165	8104	8321	9843	10550
130	1340	2170	4531	6263	6166	8105	8322	9844	10551
131	1341	2171	4532	6264	6167	8106	8323	9845	10552
132	1342	2172	4533	6265	6168	8107	8324	9846	10553
133	1343	2173	4534	6266	6169	8108	8325	9847	10554
134	1344	2174	4535	6267	6170	8109	8326	9848	10555
135	1345	2175	4536	6268	6171	8110	8327	9849	10556
136	1346	2176	4537	6269	6172	8111	8328	9850	10557
137	1347	2177	4538	6270	6173	8112	8329	9851	10558
13									



# NTL FINANCIAL AND COMPANY NEWS

## Results of City Hotels isappoint

**Daniel Nelson**  
**HONG KONG, March 28**  
HOTELS announced a consolidated net post-tax profit of HK\$5.5m (US\$3.4m) and a dividend of HK\$1.40 (US\$0.88) for the year to December 31. Together with a dividend of HK\$1.25, this represents a total distribution of HK\$2.65 (US\$1.63).  
Results are disappointing in view of the boom in tourism in Hong Kong, but the market is prepared following the 10 per cent. higher than last year's profit, which was HK\$4.5m (US\$2.8m) in 1977. Again there is no dividend for 1978 when the company was referred to the Public Works Commission's tender lists in April, from which it was awarded the half-way stage of the airport extension project, well into 1978.  
The company's earnings for the six months stage ended HK\$2.8m, and a dividend of HK\$0.70 (US\$0.44) was declared. The company's earnings for the six months stage ended HK\$2.8m, and a dividend of HK\$0.70 (US\$0.44) was declared.

## Reduced loss on Harbour engineering

**Our Own Correspondent**  
**HONG KONG, March 28**  
HONG KONG HARBOUR Engineering, which recently obtained a contract to build a pilot plant for uranium enrichment, has reported a slight increase in profits for the six months to December 31. Turnover and pre-tax profits are not disclosed at the interim stage, but the net profit figure is up from HK\$3m to HK\$4.5m (US\$2.8m), and after a dividend of HK\$0.70 (US\$0.44) is up from HK\$2.3m to HK\$3.8m (US\$2.4m).  
The company's earnings for the six months stage ended HK\$2.8m, and a dividend of HK\$0.70 (US\$0.44) was declared. The company's earnings for the six months stage ended HK\$2.8m, and a dividend of HK\$0.70 (US\$0.44) was declared.

## S. Watson ahead

**Our Own Correspondent**  
**HONG KONG, March 28**  
S. Watson, a consolidated subsidiary of the year to December 31, 1977, has reported a net profit of HK\$1.5m (US\$0.9m) for the six months to December 31, 1977. The company's earnings for the six months stage ended HK\$1.5m, and a dividend of HK\$0.40 (US\$0.25) was declared. The company's earnings for the six months stage ended HK\$1.5m, and a dividend of HK\$0.40 (US\$0.25) was declared.

## Z Hong Kong move

**Our Own Correspondent**  
**HONG KONG, March 28**  
Z Hong Kong, a subsidiary of the year to December 31, 1977, has reported a net profit of HK\$1.5m (US\$0.9m) for the six months to December 31, 1977. The company's earnings for the six months stage ended HK\$1.5m, and a dividend of HK\$0.40 (US\$0.25) was declared. The company's earnings for the six months stage ended HK\$1.5m, and a dividend of HK\$0.40 (US\$0.25) was declared.

## Large profits at Electra

**Daniel Nelson**  
**TEL AVIV, March 28**  
ELECTRA, one of Israel's leading producers of electrical equipment and of solar installations, has reported a net profit of NIS 1.5m (US\$0.3m) for the six months to December 31, 1977. The company's earnings for the six months stage ended NIS 1.5m, and a dividend of NIS 0.40 (US\$0.08) was declared. The company's earnings for the six months stage ended NIS 1.5m, and a dividend of NIS 0.40 (US\$0.08) was declared.

## TOKYO SHARE INDEX HITS PEAK Interest in bonds weakens

**BY DOUGLAS RAMSEY**  
A WAVE of speculative pressure which began yesterday pushed the Tokyo Stock Exchange's principal share index to its highest ever level, breaking the earlier record set in January 1973. The 225-stock Nikkei-Dow Jones index ended Tuesday's session at 15,360.34 or more than 140 points higher than Monday's close.  
The share price, which has been the bread of the all-time high of 15,360.34 reached on January 23, 1973.  
Market analysts are baffled by the stock index's rapid rise in recent weeks, which coincides with a dramatic appreciation of the Japanese yen on the foreign exchange market. The officers of 12 leading securities companies were called to the Ministry of Finance on Monday and warned not to push aggressively sales of Japanese securities (notably bonds) to non-resident investors. The MOF recently banned the sale of bonds with residual maturities of five years or less to foreigners, and it is believed.

in securities circles that many of the investors who would have earlier bid on those bonds have instead switched their interest to domestic stocks at a time when they are flush with cash because of continued slack in capital spending.  
While the yen's continued rise seems to have pulled foreign interest in Japanese stocks this week out of the doldrums, many export issues remain practically untouched by the market's overall boom. Instead, market forces seem to have centred on domestic stocks which are not directly affected by the yen's rise—for example, real estate, construction, pharmaceuticals and foods.  
Market turnover to-day was estimated at 460m shares, up from 390.7m shares on Monday. The Tokyo Stock Exchange index for all issues in the first section also leaped to a five-year high of 15,360.34.

**TOKYO, March 28**  
rate to 3.5 per cent. which will mean a new set of lower interest rates throughout the financial system by early April. The new rates will take some of the edge off of bond purchases for domestic investors at a time when they are flush with cash because of continued slack in capital spending.  
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## Murray and Roberts progress

**BY RICHARD ROPE**  
MURRAY AND ROBERTS, the main South African construction and civil engineering group which recently obtained a contract to build a pilot plant for uranium enrichment, has reported a slight increase in profits for the six months to December 31. Turnover and pre-tax profits are not disclosed at the interim stage, but the net profit figure is up from R5.3m to R7.5m (US\$4.5m), and after a dividend of R1.5m (US\$0.9m) is up from R3.8m to R6.0m (US\$3.6m).  
The company's earnings for the six months stage ended R7.5m, and a dividend of R1.5m (US\$0.9m) was declared. The company's earnings for the six months stage ended R7.5m, and a dividend of R1.5m (US\$0.9m) was declared.

contracting side are expected to decline but the Board indicates that the lower level of profits from contracting will be offset by recent diversification. Hence earnings, up from 28 cents to 31 cents for the half-year, should at least reach the 64 cents level of the previous full year, to June 30, 1977.  
An unchanged interim dividend of 6 cents has been declared and the Board says that it expects to pay not less than the share's 23.5 cents total, putting the share at 24.5 cents, or a yield of 9.8 per cent.  
In recent months Murray and Roberts, which is the holding

**JOHANNESBURG, March 27**  
company for Murray and Stewart and for Roberts' construction, has spent over R20m on cash acquisition of new subsidiaries and on a new joint venture.  
It has acquired Elgin Freeway, a manufacturer of refractory and allied products, which made R2m net in its last full year, to June 30, and 30 per cent. of Crown Mills, which makes catering equipment and showed net profit of R1m in its last full year.  
These will contribute about 11 cents of earnings to Roberts, the whole group with 23.5m shares in issue, is capitalised at R24m.

## Sims passes interim dividend

**BY JAMES FORTH**  
SIMS CONSOLIDATED, the diversified scrap metal merchant, has omitted its interim dividend after incurring a SA\$1.53m (US\$1.1m) loss in the December half-year. The result was largely caused by a continued slump in the export price for scrap steel. In the first half of 1977-78, Sims earned a profit of SA\$2.23m, and paid an interim dividend of 5 cents a share. The payout for the full year was cut from 10 cents to 7.5 cents, after earnings fell 32 per cent. to SA\$1.1m.  
Sims has been plagued by the depressed export scrap prices for more than 18 months, but the directors said that the market has since been an adverse market competition.  
The large investment in the company's foundation garment would be sufficient to group, Formet, of Australia and

the shipping agency business in Japan had maintained sound profit contributions.  
Potential losses resulting from the overseas scrap metal downturn were contained by management moves to increase tonnage and effect economies in processing, transport and other costs. Of the other operations, the directors said that the farm division had to contend with a severely reduced market. The hardware retail operations were profitable and growing and the batteries business was gradually being built up.  
The large investment in the company's foundation garment would be sufficient to group, Formet, of Australia and

**SYDNEY, March 27**  
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## Mahindra all-round gain

**BY R. C. MURPHY**  
**BOMBAY, March 28**  
AN ALL-ROUND increase in production, sales and profits marked the recovery of Mahindra and Mahindra MRPT requirements. Out of the five subsidiary companies, two—Mahindra Owen and Mahindra Sintered Products—have turned out good results, giving a return of 12 per cent. and 12.5 per cent. respectively.  
Despite lower production of vehicles in the first quarter of 1977-78 (deliveries of diesel engines were affected because of labour unrest in a sister concern), the company hopes to increase vehicle sales in the current year.  
The improvement in sales is attributed mainly to a revival in demand for automotive vehicles, which are basically of "Jeep" design. M and M had a collaboration with American Motor Corporation. The company exported 490 vehicles to African and Asian countries and is presently negotiating with Vietnam a major deal.  
In steel division, despite the world-wide slump, handled business of 0.2m tonnes, an improvement over the previous

year's record. It has stopped production, sales and profits marked the recovery of Mahindra and Mahindra MRPT requirements. Out of the five subsidiary companies, two—Mahindra Owen and Mahindra Sintered Products—have turned out good results, giving a return of 12 per cent. and 12.5 per cent. respectively.  
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## East Asiatic Malaysia going public in June

**By Wong Sulong**  
**KUALA LUMPUR, March 28**  
THE EAST ASIATIC COMPANY (Malaysia) Berhad, which was formed last October to take over the Malaysian interests of the parent Danish company, has announced it will go public in June, with an offer of 15m ringgits worth of shares to Malaysians. This represents 25 per cent. of the capital of the company.  
The company said that 9m ringgits of the shares will be reserved for Malays and Malay financial institutions, while another 2.5m ringgits will be for 2,400 employees. If the company's intention to restructure the equity so that by 1980, 51 per cent. will be held by Malaysians, in line with Malaysian official policy.  
EAC Malaysia now owns two rubber estates, a pharmaceutical company, and distributors in various fields, including printing machinery and other lines of consumer products.

## Growth at Malayan Breweries

**By Anthony Kewley**  
**SINGAPORE, March 28**  
MALAYAN Breweries has announced a 10.6 per cent. increase in pre-tax profits for the six months to December 31, 1977, to S\$17.25m (US\$10.75m). Turnover rose by 12.5 per cent. to S\$145.5m (US\$90.5m).  
The company, which is incorporated in Singapore and is an associate of the Fraser and Neave group here, has declared an interim dividend of 8 per cent. on its Ordinary and Management shares against 7 per cent. last year. However, the increase is mainly intended to reduce the disparity between interim and final payments, and does not imply an increased total dividend this year, MB said.

## Singapore steel upsurge

**By H. F. Lee**  
**SINGAPORE, March 28**  
NATIONAL IRON AND STEEL MILLS, Singapore's only steel mill, has chalked up a 66 per cent. increase in gross after-tax profit for the six months to December 31, 1977, to S\$12.5m (US\$7.8m).  
The directors have declared a final gross dividend of 8 per cent. on the ordinary shares, bringing the total dividend payment for the year to 16 per cent. gross and 3 per cent. tax exempt.  
In the previous year, the group paid total tax exempt dividends of 12 1/2 per cent.

## Central Sugars advances

**By Our Own Correspondent**  
**KUALA LUMPUR, March 28**  
CENTRAL SUGARS, one of the Malaysian sugar refining companies, has reported a suspended taking Australian sugar, and bought cheaper sugar on the world market—has reported a 60 per cent. rise in profits for the first half of its financial year.  
The company is paying a 5 per cent. interim dividend, which because of the two-for-three scrip issue last year, represents a dividend of 5.33 per cent. on the old capital.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
ANALYTICAL	95.00	95.00	ANALYTICAL	95.00	95.00
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## STOCK EXCHANGE REPORT

# British Funds end with falls to £1 after thin trade

## Share index eases 0.4 to 460.1—Golds quietly firm

## Account Dealing Dates

\*First Declared Last Account Dealings Date  
Mar. 13 Mar. 30 Mar. 31 Apr. 11  
Apr. 3 Apr. 13 Apr. 14 Apr. 25  
Apr. 17 Apr. 27 Apr. 28 May 10  
\*New time dealings may take place from 9.30 a.m. one business day earlier.

Subdued conditions ruled yesterday as the three-week Easter Stock Exchange Account entered the last four days. Official markings fell away to 4.233 compared with last Thursday's 5.462 and the week-ago 5.273.

Marked dullness in British Funds featured, opening minor losses being extended to a full point by the close following small selling in an unwilling market. Sentiment was disturbed by yesterday's early weakness in sterling against other major currencies, and the Government Securities index shed 0.34 for a loss of 1.30 over the last six trading days to 74.73.

Gold shares made a firm showing helped by the strength of the bullion price—up 84 at \$1353; an ounce—but the Gold Mines index, at 157.7, added to last week's net rise of 7.2 by only 0.9 with the currency premium an adverse influence.

Equity shares drifted lower for much of the day in sympathy with the gilt-edged, but steadied in the absence of any sizeable selling. The FT 30-share index was 2.4 down at the day's lowest as 24 of the 30 fell, with a net loss of only 0.4 to 460.1. Leading issues closed with mixed price changes generally limited to twopences, but BP partly on Wall Street influences, fell 14 to 770p.

Elsewhere, isolated features emerged on trading statements, both known and pending, and on week-end Press recommendations. The latter particularly helped Motor Distributors which were generally a few pence firmer. Household Goods and Stores both put on 1.3 cents in the FT. Actuaries series on hopes of increased consumer spending after the Budget, while Discount Houses fell 2.6 per cent. in sympathy with the fall in gilts. The overall mixed pattern of price changes was illustrated by the fallacies ratio of 8.3 in all FT quoted industrials, while the All-share index was barely moved at 204.12.

## Gilt depressed

Sterling's uneasiness was held responsible for a more marked reaction in British Funds. Trade throughout was light but in the evening thin and sensitive conditions it needed only a small values and the longer maturities and the longer maturities closed the day with losses extending to a full point. Rates were attempted but with fresh doubts

## being aired about the authorities' handling of money supply.

Following week-end Press mention, buyers were reticent, particularly in the face of the isolated Continental sale. Shorter issues experienced a similar sort of day and settled with losses ranging to 1, while Corporations sustained modest falls, often of 1. Southern Rhodesian bonds drifted slightly easier in idle trading.

In first-time dealings Amalgamated Industrials 10.6 per cent. Preference, offered to minority Ordinary shareholders on conversion terms, were quiet and the close was 91p.

Arbitrage offerings released by the activities in both Far Eastern and South African Gold shares hastened a downdrift in the

128p and Pearl, 238p, all held steady.

Building issues closed quietly firmer for choice; however Brown and Jackson jumped 10 to 49p in a thin market following last Thursday's preliminary results. Others to improve included Marchwell, which rose 3 to 260p, and International Timber, 2 up at 117p.

Breton and Cloud Hill Lime were a penny firmer at 82p in front of Friday's preliminary figures but, in the absence of developments following the approach from Hepworth Ceramics, Johnson-Richards Ties eased 14 to 117p.

Brent Chemicals closed 11 better at 200p after 204p on the increased annual profits and a dividend-boosting rights issue, while Wolstenholme Bronze rose

penny to 68p following the chairman's encouraging statement. Pye Holdings held steady at 35p in front of today's annual results.

Inclined easier for most of the day, leading Engineers picked up to close with little alteration on balance. Elsewhere, Ricardo and Co. featured with a rise of 9 to 124p in response to good interim results, while Stothert and Pitt, up at 154p, met with occasional demand and support was also forthcoming for Marton, 4 better at 148p. Mechanicals were 3 to 146p. Sales factory annual trading statements left Chas. Chford and Laird Group up a penny apiece at the common price of 82p. Matthew Hall continued firmly hardened 2 further to 132p, while similar improvements were recorded in Bamfords, 4p, and R. Cartwright, 6p, the last named ahead of tomorrow's preliminary results. Among the day's losers, Dowdell eased 2 to 30p and Capper Neill 1 to 36p.

The Food sector provided some of the day's most outstanding movements in Morgan Edwards, which rose from 25p to 32p on a bout of speculative buying before being temporarily suspended at the request of the company. Buying of a similar nature accounted for a rise of 14 to 142p in Wheatheaf, while among more modest improvements, Barleys of York edged up 2 to 52p and Associated Biscuits rose similarly to 75p. Confectionery issues to make some headway included Rowntree, 5 dearer at 395p, and Bluebird, 3 better at 157p. In Hotels, City firm 4 1/2 to 10p with the aid of option demand. Butlakes, down 3 at 178p, were looking a little uncertain awaiting today's preliminary results.

Dundonian up Secondary stocks provided a main pocket of interest in miscellaneous industrials. Dundonian gained 5 to 30p in response to favourable interim results, while R. Brammer improved a similar amount to 120p following the higher annual earnings. Small buying in front of today's preliminary results left Royal Worcester up 3 at 113p, and Thomas Wither hardened 1 to 50p following a Press mention. Wade Pottery moved up 3 to 35p and Letraco, 2 up at 125p, with closed 4 higher at 122p and 88p respectively. Steadley, on the other hand, cheapened 3 to 167p on the chairman's warning that on current evidence it seems unlikely that the group will achieve any significant increase in profitability until 1979. Profit-taking after last Thursday's speculative spurt left Orest 3 lower at 108p. Duffry Bitumast receded 2 to 36p in response to the lower

profits. Of the narrow mixed

Organisations among which R. and J. Quick, results due today, rose 2 to 56p, and Applied improved 2 to 83p. Similar gains were established by Hartwell, 83p, and E. Perry, 185p, while Adams Gibson put on 4 to 75p. United featured Newspapers were rarely altered apart from Associated Engineering, down 2 at 113p. Elsewhere, occasional profit-taking caused a slight reaction in Kolls-Royce, at 82p.

Other hand, Oil Exploration gave up 6 to 205p and CCF North Sea 12 to 95p.

Ocean Transport's disclosure that it may have to cut its active fleet by up to ten ships and reduce the number of its officers by over 5 per cent, this year prompted a reaction of 4 to 131p. Elsewhere in Shipping, P and O Deferred lacked support and drifted back 2 to 95p but Graig rose 30 to 180p following demand in a restricted market.

Movements worthy of mention were hard to find in idle investment trusts. Reflecting domestic influences, Crescent Japan, 144p, and Jardine Japan, 120p, improved 6 and 5 respectively. Tribune moved up 9 to 625p on Press comment, while Edinburgh Industrial put on 3 to 30p among Financials.

The cautious nature of the statement on second-half prospects outweighed the increased first-half profits announced by Paterson Zochrals and both the Ordinary 195p, and non-voting 185p, shed 5, in Overseas Traders.

Courtaulds enjoyed modest investment support and improved 2 to 115p along with Northampton Services, which moved up 4 to a peak for the day of 115p, but many other Textiles recorded scattered losses. Reflecting the second-half slowdown, Montagu eased the turn to 50p and, on a combination of domestic market and investment currency influences, Salva Viscosa slipped 8 to 48p.

Contrasting movements in South African Industrials included Tiger Oats, up 30 at 255p in a thin market, and Ruit's white rose 120p, while Gold Fields Property were reactionary at 71p, down 4.

Following details of the agreed offer from Consolidated Plantation, 4 better at 128p, dealings were resumed yesterday in Gedong Investments at 132p, compared with the suspension price of 125p, and that level was maintained throughout the day. Eavday recently formally rejected the bid from McLeod Russel/Sipef SA, London Sumatra came in for fresh support and rose 4 to 127p.

## N. Mining advance

Shares of Northern Mining continued to soar yesterday, closing another 11 higher at 41p. Tuesday the shares were 9p. The company has a 5 per cent stake in the Ashton joint venture which is prospecting for diamonds in the Kimberley region of Western Australia.

Corinne Rhotia, which holds a 54.6 per cent interest in the venture, is expected to announce a further 6 better at 174p while the London-registered Tangaanyika Concessions, which controls 38.4 per cent, put on a penny to 150p. The trend in overnight domestic markets enabled other

## Oils quietly dull

Quietly dull conditions prevailed throughout in Oils. British Petroleum gave up 14 to 770p on a combination of U.S. advices and occasional local selling, while Shell drifted to close 3 cheaper at 785p. The Orest 3 lower at 108p (U.K.) moved against the trend, rising 10 more to 272p on news that Amoco is about to sink the first exploration well on North Sea Block 9/4, in which Shell has an interest. On the

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on second-half prospects outweighed the increased first-half profits announced by Paterson Zochrals and both the Ordinary 195p, and non-voting 185p, shed 5, in Overseas Traders.

## Courtaulds enjoyed modest investment

support and improved 2 to 115p along with Northampton Services, which moved up 4 to a peak for the day of 115p, but many other Textiles recorded scattered losses. Reflecting the second-half slowdown, Montagu eased the turn to 50p and, on a combination of domestic market and investment currency influences, Salva Viscosa slipped 8 to 48p.

## Contrasting movements in South

African Industrials included Tiger Oats, up 30 at 255p in a thin market, and Ruit's white rose 120p, while Gold Fields Property were reactionary at 71p, down 4.

## Following details of the agreed offer

from Consolidated Plantation, 4 better at 128p, dealings were resumed yesterday in Gedong Investments at 132p, compared with the suspension price of 125p, and that level was maintained throughout the day. Eavday recently formally rejected the bid from McLeod Russel/Sipef SA, London Sumatra came in for fresh support and rose 4 to 127p.

## N. Mining advance

Shares of Northern Mining continued to soar yesterday, closing another 11 higher at 41p. Tuesday the shares were 9p. The company has a 5 per cent stake in the Ashton joint venture which is prospecting for diamonds in the Kimberley region of Western Australia.

## Corinne Rhotia, which holds a 54.6 per

cent interest in the venture, is expected to announce a further 6 better at 174p while the London-registered Tangaanyika Concessions, which controls 38.4 per cent, put on a penny to 150p. The trend in overnight domestic markets enabled other

## Oils quietly dull

Quietly dull conditions prevailed throughout in Oils. British Petroleum gave up 14 to 770p on a combination of U.S. advices and occasional local selling, while Shell drifted to close 3 cheaper at 785p. The Orest 3 lower at 108p (U.K.) moved against the trend, rising 10 more to 272p on news that Amoco is about to sink the first exploration well on North Sea Block 9/4, in which Shell has an interest. On the

## Oils quietly dull

other hand, Oil Exploration gave up 6 to 205p and CCF North Sea 12 to 95p.

## Oils quietly dull

Ocean Transport's disclosure that it may have to cut its active fleet by up to ten ships and reduce the number of its officers by over 5 per cent, this year prompted a reaction of 4 to 131p. Elsewhere in Shipping, P and O Deferred lacked support and drifted back 2 to 95p but Graig rose 30 to 180p following demand in a restricted market.

## Movements worthy of mention

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## OFFSHORE AND OVERSEAS FUNDS

Prices do not include \$ premium, except where indicated & are in cents unless otherwise noted.











